

FINANCIAL TIMES

Europe's Business Newspaper

FRIDAY JUNE 10, 1994

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PepsiCo shares fall as Cott sparks US cola price war

Shares in PepsiCo, US maker of soft drink Pepsi-Cola, lost 9 per cent of their value by mid-session after the company said a cola price war had broken out in its domestic market. PepsiCo warned that second quarter profits would be flat because of inroads into the US cola market by Cott, fast-growing Canadian maker of low-cost, store-branded drinks and food. Cott recently sparked a row in Britain by supplying J. Sainsbury, the country's biggest retailer, with a store-branded cola that looks and tastes similar to Coca-Cola but sells at about half the price. Page 17

Suspected IRA guerrillas cleared by German court

A court in Düsseldorf acquitted three suspected Irish Republican Army guerrillas of killing a British army officer, but said it was convinced they were IRA members. Paul Hughes, Donna Maguire and Sean Hick, had been charged with the 1990 shooting of Major Michael Dillon-Lee in front of his wife at their Dortmund home.

Nikkei reaches highest level in two years

Economic optimism continued to sweep the Tokyo stock market yesterday, with the third day of rising prices pushing it to the highest point since March 1992. The rise in the Nikkei Average, by 140.84 points to 21,402.78, reinforces its break this week through the technical barrier of 21,000 and leaves it nearly 23 per cent ahead of the level at the turn of the year. Page 17

North Korea warns South of devastation

North Korea's foreign minister Kim Yong-nam threatened the South with devastation if war broke out, while China again rejected efforts by South Korea to persuade it to support sanctions against the North over nuclear inspections. Page 8

Sanque Indonesia A UK subsidiary of the Paris-based merchant bank last year created an account for a fictitious \$100m deposit for the Central Bank of Kenya (CBK) which was used by the CBK to conceal a foreign exchange fraud from international creditors. Page 16

Salinas may stand for WTO: President Carlos Salinas of Mexico is considering joining the race to become head of the World Trade Organisation, due to succeed the General Agreement on Tariffs and Trade next year. Page 16; Observer, Page 15

Lourdes, UK-based conglomerate, is planning to double the size of its African mining interests in a deal expected to be announced within the next year. Page 17; Lex, Page 16

Bonn forecasts rise in growth rates: The German government forecast a recovery in economic growth from 3.5 per cent in 1994 to 2.5 per cent in 1995, and an average growth rate of 3 per cent a year from 1995-99. Page 2

Nato offers olive branch to Moscow: Nato promised Russia a relationship that would reflect its status as the most powerful nation in Europe in an effort to secure its participation in the Partnership for Peace military programme. Page 3

US under pressure on Bosnia: The US administration came under increasing pressure over Bosnia when the House of Representatives voted to require the US to stop enforcing a United Nations arms embargo and to supply weapons to the Bosnian Muslim government. Page 5

C&G ruling welcomed: The Cheltenham & Gloucester Building Society closed its doors to new customer deposits in the wake of the High Court ruling barring the terms of Lloyds Bank's £1.8bn (£2.7bn) cash bid. Page 17; Editorial Comment, Page 15

Bosnia is poised to announce a significant expansion of its UK car manufacturing operations at Swindon in south-west England, which could increase capacity by up to 50 per cent. Page 16

Call for independent Bank of England: The incoming deputy managing director of the International Monetary Fund, Stanley Fischer, has called for the Bank of England to be given independence. Page 9

Colombian quake toll may top 1,000: More than 1,000 people may have died in Monday's earthquake and mudslides which devastated the remote Paez valley south-west of Bogotá, a government official said.

STOCK MARKET INDICES

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Bonn casts doubt on timetable for monetary union

By David Marsh, European Editor, in London

Mr Günter Rexrodt, the German economics minister, yesterday appeared to cast doubt on the Maastricht timetable for economic and monetary union by saying that a single European currency might take until 2001 to realise. Speaking in London, Mr Rexrodt stressed that individual European economies had to show "more convergence"

before Emu would be feasible.

"From the German side we are keeping the goal of a common currency. But we will not get excited if it takes five, six or seven years," he said. The Maastricht treaty lays down 1997 and 1999 as the earliest and latest possible dates for introduction of Emu.

Chancellor Helmut Kohl and Mr Hans Tietmeyer, the Bundesbank president, have both emphasised recently that maintaining currency stability is more

important than sticking rigidly to the Maastricht timetable.

However, Mr Rexrodt is the first senior member of the German economic policy establishment to say publicly that Emu could be delayed until the next century. He made the comments at a conference on investment in Germany organised by the German-British Chamber of Commerce.

Both Mr Rexrodt and Mr Michael Heseltine, the UK trade and industry

secretary, who also spoke at the conference, underlined the importance of further measures to free European businesses from unnecessary regulation. However, the two ministers admitted that Britain and Germany had made little progress on setting up an Anglo-German panel of business experts to review EU legislation. The initiative was announced when the two ministers met in London on April 27, but Mr Rexrodt said the two sides were still exploring

UK Conservatives fear disaster ■ Dutch Christian Democrats hope to gain lead

Record low Netherlands turnout in Euro poll

By Our Foreign Staff

Elections to the European Parliament began yesterday with a record low turnout in the Netherlands and the ruling Conservative party in the UK bracing itself for disaster.

In the Netherlands, traditionally one of the most pro-European electorates in the EU, voter turnout slumped to 35 per cent, indicating that the Christian Democrats of outgoing prime minister Mr Ruud Lubbers had recovered the lead they lost in a general election last month.

Voting was somewhat stronger than expected in Denmark, however, with the country's two main anti-European movements, the People's Movement Against the EU and the June Movement, making the strongest gains, according to unofficial television exit polls.

Preliminary forecasts by Dutch television showed that the Christian Democrats stood to win 11 seats in the European Parliament, three seats ahead of Labour, which is now the largest party in the national parliament.

For the Christian Democrats, the results would mean a gain of one seat in the European Parliament, while Labour's representation would be unchanged.

The low Dutch turnout compared badly with the 47 per cent at the last European election in 1989. This time, the biggest winner appears to have been D66, a left-of-centre party that won four seats, and just one five years ago. The Liberals seemed set to cap-

ture five seats, an increase of two. Direct comparison between the 1989 and 1994 elections is complicated by an expansion in the number of Dutch seats to 31 from 25.

A low turnout traditionally helps the Christian Democrats and hurts Labour. Another factor may have been the appeal to voters by Mr Lubbers, who is fighting an uphill battle to become president of the European Commission.

Official results of the election are not due to be published until Sunday night. In Denmark, the two anti-European movements together boosted their share of the vote to 26.1 per cent from 18.9 per cent in 1989. That would give them five of Denmark's 16 seats in the European Parliament, against the four they now have.

The strongly pro-union Liberal party went ahead to 19.5 per cent from 16.6 per cent, much less than the party was expected to win.

The Social Democratic party, which dominates the present coalition government, saw its vote fall to 18.3 per cent from 23.3 per cent in the last Euro vote.

The Conservative party, also strongly pro-European, went ahead to 14.1 per cent from 13.2 per cent.

Mr Hans Engell, Conservative party leader, commenting on the provisional result of the election last night, said he was deeply concerned because the anti-

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Germany warned by US over VW espionage case

By Quentin Peel in Bonn and Christopher Parkes in Frankfurt

The Volkswagen-General Motors industrial espionage case could harm relations between the US and Germany if the Justice Department does not receive help soon from German investigators.

Mr Ron Brown, US commerce secretary, suggested yesterday. There was no evidence of any danger to political or other business relations at present, but "I think it has the potential," he said in Bonn.

The risk depended on the responsiveness of the German authorities to inquiries from the Justice Department and "how quickly the information flows", he added.

His remarks were the first public indication of irritation in the US administration over the Hesse justice ministry's reluctance to provide concrete help to the US authorities.

It is believed US investigators have asked for, but have been so far refused access to,

evidence accumulated by German prosecutors. They are probing allegations that former GM director, Mr José Ignacio López de Arriortua, stole industrial secrets from the US group and took them with him when he joined VW last year.

Mr López and VW have denied the allegations. The Federal Bureau of Investigation started an independent probe of the circumstances, shortly after the White House made plain that President Bill Clinton considered industrial espionage a particular threat to US economic interests.

Mr Clinton is due in Germany on an official visit early next month. Until yesterday Justice Department and other US government officials have consistently refused to comment on their investigation, which is believed to be based on suspicions that GM corporate property was moved illegally across state boundaries, in contravention of federal mail and telecommunica-

tions laws. Mr Brown, who met Mr Günter Rexrodt, the Bonn economics minister, in Paris on Wednesday, was speaking after meeting US and German business and political officials. Mr David Herman, Opel chairman, GM's German subsidiary, was among the guests.

Mr Rexrodt was briefly embroiled in the case last year, when he was unwillingly drawn into the fray as a potential mediator between the two vehicle groups.

German investigators came under heavy political fire recently when Mr Gerhard Schröder, prime minister of VW's home state, Lower Saxony, called for the case to be closed.

He suggested the investigation was biased and based partly on evidence acquired by private detectives, hired by Opel lawyers, who used deceptive methods.

His allegations were promptly rejected by the most senior prosecuting official in Opel's base, Hesse.

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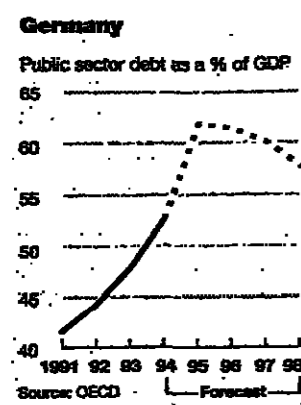
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Issued by Singer & Friedlander Investment Funds Ltd., 21 New Street, London EC2M 4NR, Member of IIRFO.

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Bonn projects increasing rate of growth



By Quentin Peel in Bonn

The German government yesterday forecast a recovery in economic growth from 1.5 per cent this year to 2.5 per cent in 1995, and an average growth rate of 3 per cent per year from 1996-98. Figures from the German finance ministry suggest that in spite of a soaring debt burden, fuelled by borrowing for unification, the country will comply by 1998 with the main convergence criteria for European economic and monetary union. It forecasts an inflation rate

below 2 per cent in 1995, deficit spending as a proportion of gross domestic product reduced from the current 4.5 per cent to just 0.5 per cent by 1998, and overall government debt (in spite of a surge to 62 per cent in 1993) falling back to 57.5 per cent of GDP by 1998. The limit set in the Maastricht treaty for public sector debt as a proportion of GDP is 60 per cent, and the finance ministry forecast suggests that may only just be achieved by 1997, the first possible date for a move to monetary union. In five-year forecast figures

submitted yesterday to the finance planning committee, involving both federal and state governments, the finance ministry suggests that strict spending control would reduce the current DM69bn budget deficit to DM25bn by 1998. The growth figures were presented by Mr Johann Bockhoff, the state secretary in the economics ministry, who warned that, nevertheless, average unemployment this year would rise by some 400,000 over the level of 1993, and only be cut by some 50,000 in 1995.

The figures were sharply criticised by finance ministers from several Social Democrat-ruled states as little more than wishful thinking. They failed to provide adequate finances to subsidise the continuing heavy cost of unemployment on the federal budget, and they exaggerated the likely revenues from future privatisation plans, the ministers said. Mr Theo Waigel, the finance minister, insists that he will cut the present budget deficit after 1995, from a level of DM69bn this year and next, to DM60bn in 1996, DM40bn in

1997, and DM25bn in 1998. He said he could do so by strict spending control, and not by increased taxation. Mr Heinz Schlusser, the finance minister of North Rhine-Westphalia, said the figures were far too optimistic. "They are simply misleading the public," he said. "Neither the states nor local authorities can plan seriously on the basis of these figures."

Nominal spending growth by all public bodies, including the federal government, the 16 states, and local authorities, will be limited to just 3 per cent a year over the next five years, the finance planning committee agreed last night. Mr Waigel warned that the situation of public finances would remain "very tense" until 1998.

Balsam creditors face big write-off

By David Waller in Frankfurt

Bankers to Balsam, the sports-surfaces company plunged into crisis this week after its four-man board was arrested on suspicion of fraud, believe the bulk of their DM1.6bn (\$950m) direct and indirect exposure to the Bielefeld-based company will have to be written off.

Although the total is large, only one bank has an exposure of more than DM100m. It emerged at the first meeting of bank creditors in Wiesbaden on Wednesday night. This is BfG Bank, Credit Lyonnais' German subsidiary, which has a total of DM100m at risk to Balsam and to Procede, the factoring company at the heart of the alleged fraud.

According to Frankfurt bankers, three banks have an exposure of DM80m - BfG Bank, Bayerische Vereinsbank and Landesbank Rheinland Pfalz - while Deutsche Bank, Westdeutsche Landesbank, Norddeutsche Landesbank, Landesbank Hessen-Thüringen and other banks each have around DM50m at risk. Dresdner Bank and Commerzbank are believed to be owed DM50m each.

Wednesday's meeting of creditors focused primarily on the fate of Procede, Germany's largest factoring company. Procede is Balsam's largest direct creditor and banks' credit exposure to the stricken Balsam is largely indirect, via Procede. Talks are due to resume on Monday.

The state prosecutor in Bielefeld said earlier this week that the four Balsam directors had been arrested on suspicion of forging documentation to support applications for factoring agreements. Factoring companies advance cash to their customers against the security of unpaid invoices, taking a commission for the service provided and assuming responsibility for collecting their customers' outstanding receivables.

The state prosecutor said the Balsam directors had over a period of years forged letters from a US accounting firm purporting to verify the scale of large invoices which were subsequently the subject of factoring agreements with Procede. The invoices were either fictitious or grossly inflated, the Bielefeld prosecutors' office revealed, and the money raised on the invoices was used by the company to speculate in currency and other financial markets.

It is not yet clear how much of the money obtained by Balsam from Procede relates to genuine invoices, pending an investigation by an independent firm of accountants. When discussions resume on Monday talks will focus on a possible plan to rescue Procede. Bankers said they hoped AKB Allgemeine Kreditversicherung, the Mainz-based insurance company which owns 50 per cent of Procede, would inject cash to refinance Procede.

The affair has raised questions about German corporate governance similar to those provoked by the near collapse of the Metallgesellschaft industrial group earlier this year and the failure of the Jürgen Schneider property group.

Deutsche Bank and Dresdner Bank, Germany's two biggest banks, have traditionally been close to Balsam. The two were indirect shareholders in the company and had planned to bring it to the stockmarket in the late 1980s. As in the Schneider and Metallgesellschaft cases, the close involvement of Germany's leading financial institutions failed to prevent the debacle. The role of the auditors to Procede and Balsam is also likely to come under discussion.

Union threatens strike after collapse of benefits talks with management

German telecoms sell-off in balance

By Michael Lindemann in Bonn

Hopes that Germany's largest privatisation can go ahead next year hung in the balance last night after talks between the management and unions of the postal and telecommunications services collapsed.

The two sides broke off early yesterday after a third day of talks, trading bitter accusations. The 570,000-strong German Postal Union (DPG) said it would call out 11,000 workers across the country to press home its demands that the management of the three companies guarantee workers' benefits after privatisation.

The present state-owned postal and telecommunications leviathan, which employs

around 670,000 people, is to be broken up into three services by January 1, 1995 according to a government plan.

However, privatisation means the government must change the constitution, an exercise requiring a two-thirds majority in the Bundestag, or lower house of parliament, and the support of the opposition Social Democratic party which is close to the DPG union.

The vote must take place before June 29 if privatisation is to go ahead at the start of next year and a number of SPD politicians have warned that support will not be forthcoming unless management and unions can reach agreement.

"If anyone imagines the SPD will back the change in the

constitution while strikes are going on, they have lost touch with reality," said Mr Arne Börmann, the SPD telecommunications spokesman.

The management of the three services, meanwhile, fears it will be unable to compete internationally if it is saddled with a catalogue of workers' benefits which include the right to a cold drink if the temperature rises above 26 degrees Celsius, money for new shoes which postmen wear out on letter rounds and subsidised holidays abroad.

"The self-appointed representatives of the workforce obviously consider cold drinks and holidays on the Côte d'Azur more important than secure workplaces," said Mr Helmut

Ricke, the Telekom chief executive.

Mr Rudi Vetter, a spokesman for the DPG union, said the strikes would continue until the management presented proposals "which are negotiable".

He also dismissed charges that the union was demanding benefits which were outdated. "All large enterprises offer their workforce similar benefits," he said. "We just don't see why our members have to give up their benefits just so that the companies can be floated."

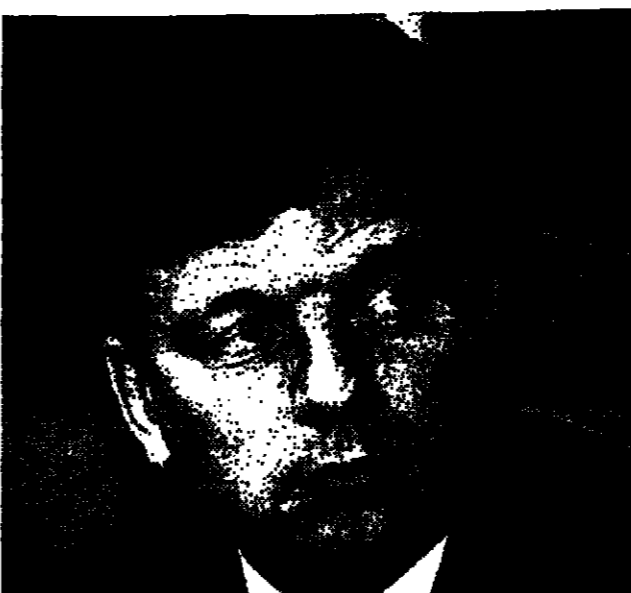
In the first stage of privatisation the government will remain the sole shareholder. Deutsche Telekom, which will take over the telecommunica-

tions sector, has said it wants to be floated by January 1, 1996 - the earliest legally permissible date - in order to raise badly-needed capital.

Postdienst, the postal services, and Postbank, the banking arm, are also to be privatised as soon as possible.

Aside from the talks between management and unions to settle the question of benefits, parliament must decide before the end of the month how to cover pensions payments worth about DM100bn (\$40bn) after the companies have been privatised.

A further DM16bn must be found to fund future liabilities of two in-house health insurance funds which will cease to exist after privatisation.



Esko Aho: fearful EU entry timetable could be upset

Finland heads for icy waters over EU entry

By Hugh Carnegie in Stockholm

Finland's plans to enter the European Union on January 1 next year could be upset if the centre-right coalition loses a parliamentary no-confidence vote scheduled for next Wednesday, Mr Esko Aho, the prime minister, declared yesterday.

His comments came amidst growing tensions within the government over EU issues and were a clear attempt to head off threats by some members of coalition parties to vote against the government on Wednesday.

Finland is due to enter the EU next year along with Austria, Norway and Sweden if the country votes to join in a referendum set for October. But Mr Aho said that if the coalition fell, the timetable for membership would be delayed. "I predict this will mean Finland cannot become a member at the same time as the other EFTA (European Free Trade Area) countries that have applied for membership," he said.

Most observers expect the coalition will narrowly survive the no-confidence vote. But the rows over the EU that have broken out within and between the government parties have threatened to undermine the campaign for a Yes vote in October. Finland is the only one of the three Nordic countries where the Yes side holds a lead over the No campaign.

The main dispute within the government is between Mr Aho's rural-based Centre party and the Conservative party. Mr Pertti Salonen, the trade minister and a key figure in Finland's accession negotiations with the EU earlier this year, has resigned as Conservative party leader in protest at his failure to win Centre party approval for tax cuts as a price for Conservative approval of a FMAbn (\$438m) package of aid to help farmers adjust to EU prices.

The anti-EU Finnish Christian Party has threatened to leave the coalition and Mr Aho's position is made more difficult by the strong current of anti-EU feeling in his own party. He badly needs the farm support package to help him win the official backing of the Centre party for EU membership in a party congress on the issue due next week.

In Sweden, meanwhile, an opinion poll carried out by the government's statistics bureau showed opposition to the EU slipping, but still holding a clear lead over the Yes campaign. The No camp slid by 4.8 percentage points to 40 per cent since a similar poll last November, while support rose by 4.5 per cent to 39.5 per cent, with the rest undecided.

Swiss set for vote on talks with Union

Swiss voters are likely to be asked in the next four years whether their government should discuss membership of the European Union, Reuter reports from Bern.

A statement from the Federal Chancellery yesterday said 101,337 legal signatures - more than the required minimum of 100,000 - had backed a proposal for a referendum on the issue.

Unless the proposal is withdrawn, the government is now obliged to hold a vote before January 30, 1996. Proponents of a referendum want the Swiss government to break off all negotiations with the European Union on future membership and begin discussions only with explicit approval of voters.

The proposal was launched by members of the right-wing political parties Swiss Democrats and the League of Ticino.

Switzerland voted in December 1992 to reject membership of the European Economic Area, but the Bern government continues to support EU membership.

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VW close to deal with Madrid on aid

By Christopher Parkes in Frankfurt and David White in Madrid

Volkswagen and the Madrid government yesterday came close to an agreement in negotiations over state aid for Seat, the German vehicle group's crippled Spanish subsidiary.

Further talks are scheduled next week and VW said a deal

could be expected not long after that.

According to a joint statement from Mr Ferdinand Piëch, VW chairman, and Mr Juan Manuel Eguiluz, the Spanish industry minister, the two agreed that there should be no direct subsidies from the Spanish government for redundancies. Help would come instead in the form of support for technological projects.

VW initially sought an injection of Dm250m (\$235m) from Spanish central and regional authorities to cover 4,000 further job cuts at Seat, reducing the company's workforce to 9,500. Other multinational motor companies manufacturing in Spain reacted sharply against the prospect of special conditions for Seat.

The statement made clear that state aid would be tied to "certain commitments" from

VW and from Seat itself. It also said an agreement would be aimed at "keeping the basic elements of Seat as a company with its own capability for competing in the global market".

The uncertain scale of Madrid's financial commitment is crucial to VW's bid to plug the hole in VW group finances which is threatening for the second year in succession to sink hopes of breaking even.

Seat lost DM1.5bn (\$740m) in 1993, was DM350m in the red in the first quarter of this year, and is heading for a further full-year deficit of DM1bn, according to company officials.

The result would be even worse if VW had to bear the full restructuring costs.

Yesterday's talks were also attended by Mr Gerhard Schröder, premier of the state of Lower Saxony, which is VW's

New row in prospect over EU's proposals for waste recycling

By David Gardner in Luxembourg

The 18-month row over the anarchy in Europe's divergent regulations for recycling waste packaging is threatening to reignite following a new block yesterday on a common European Union law which should already have been agreed.

The long-stalled waste packaging directive was agreed in principle last December, against German, Dutch and Danish objections that its targets for the recovery and recycling of packaging were not stringent enough.

Passage of the directive is a litmus test of the Twelve's ability to reconcile their environmental ambitions without distorting competition in the single market.

A year ago, France threatened to ban imports of German packaging waste, and six other states complained their own recycling industries were being buried under the volume of waste Germany was sending to its neighbours for processing.

Before this, Germany, tired of waiting for legislation at EU level, had set itself ambitious recycling targets it did not, and still does not, have the installed capacity to meet. Furthermore, it has undercut its partners by subsidising the waste it exports. The UK complains that the UK's imports of plastic waste had rocketed by 450 per cent in 1992 against the previous year, entering in some cases with German subsidies of 200 per cent.

Although last December's deal was brokered by the Belgian EU presidency, it is, ironically, Belgium which has now gone over to the German side. Along with the Netherlands and Denmark, it constituted a blocking minority at a meeting in Luxembourg of EU environmental ministers which the "green" northern trio could not muster on their own.

If Belgium cannot be budged in negotiations at senior official level in the next few days, lengthy negotiations with the new European parliament have to begin. Moreover, from July when Germany assumes the EU presidency, it would fall to Mr Klaus Töpfer - Bonn's environment minister and unrepentant architect of the stricter and contested German legislation - to act as conciliator.

The targets Mr Töpfer thinks too low require a minimum of 50 per cent and maximum of 65 per cent of packaging waste to be recycled now, to stand a chance in the European Court later if the Flemish standards are ever challenged.

The fact that the parliament's amendments include possible fiscal intervention in recycling (including tax incentives) has also worried the UK government, which is firmly opposed to EU-wide taxes on the environment.

Turkish TV companies put future in the frame

A new licensing system is set to shape the industry for the next decade, writes John Murray Brown

Turkey's television industry is on best behaviour, with companies today making initial applications to the newly formed High Broadcasting Council for licences the allocations of which will shape the industry for the coming decade.

Invitations to tender will be announced in August and will be awarded with interest by both domestic and foreign investors in what has been one of the country's most dynamic sectors.

The current economic troubles, with the lira having lost 50 per cent of its value against the dollar, have dampened investor enthusiasm throughout the economy. But in the new broadcasting regime - legislation for which was passed

in April - under which the council is likely to limit the number of licences, there are expected to be fewer companies competing for the same amount of advertising revenues. This will strengthen the finances of companies operating in the sector.

What is more, with the launch of Turkey's own satellite later this year and the planned privatisation of the state telecom company - which will open the way for innovations such as video on demand - the opportunities are huge.

Some in the industry wonder whether the new legislation will keep pace with the changes in technology. Mr Nuri Colakoglu, head of Show, the largest private station, says the law set out to "create a still picture, when in fact what they were seeing was the frame of a moving film".

The legislation provides a timely measure of official thinking on a range of vexed issues, from the Kurdish rebellion, the role of religious broadcasting in a Moslem country, with a devoutly secular constitution, and the challenge to the state posed by the accumulation of media power, as well as the technological challenge.

"It's as good as the French or German legislation," says Sedat Orsel, formerly deputy director of state television, now head of Eto television, a pay channel in which Koc Holding, Turkey's largest manufacturing company is in collaboration with Canal-Plus and Time Warner.

However the issue of Kurdish-language broadcasts, once mooted by the prime minister, Mrs Tansu Çiller, as a way to win over moderate Kurds, has been left for another day. After criticism from right-wingers such as her own True Path party deputy Mr Cokum Kire, the final draft stipulated only the use of foreign languages "which have contributed to the universal cultural and scientific works" - a phrase which Kurdish nationalists will take as doubly wounding.

Politicians such as Mr Ulus Gurkan, a member of the parliamentary drafting commission, complain that the law is too restrictive, particularly the powers it gives the prime minister to stop broadcasts deemed against the "public interest".

But many officials concede the companies brought it on themselves. In a conservative society, much of the programming has often stretched the bounds of public tolerance.

A lot of it at stake for the television companies, not least an advertising market worth \$300m in 1993 and the chance to beam to a growing and young population where consumer choice is just taking off.

The new law is broadly in line with other European practice in areas such as cross shareholding, advertising restrictions and broader public morality issues such as violence and pornography.

Foreign equity will be limited to 20 per cent. The legisla-

tion will rationalise the number of terrestrial channels. The council will be entrusted to draft rules for cable and satellite transmission. The re-transmission of foreign programmes will no longer be allowed, with a waiver for one-off events such as foreign football matches.

Turkish companies advertising on foreign satellite channels will not be able to set off their advertising costs against tax. Cost - in this case, of the satellite dish - is seen as the best constraint on the growth of foreign broadcasts.

The big companies have complained that the rules on ownership are too onerous. But Mr Gurkan says "the restrictions are essential if Turkey is to have a free press".

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Schneider fund claim

EUROPEAN NEWS DIGEST

Schneider slush fund claim

A Swiss businessman has told French and Swiss newspapers that he administered for Groupe Schneider a "slush fund" of which Mr Didier Peneau-Valencienne, president of the French group charged with fraud, may have known nothing. In interviews published yesterday with Paris Match magazine and the Noveau Quotidien de Lausanne, Mr Luc Jacquier said he managed a Swiss trust company called Finamies. This was set up by the Belgian group - itself later absorbed in Schneider - to help run its mining interests in Zaire after the latter's independence in 1960 from Belgium. Finamies in turn had relations with the Panamanian holding companies of Mitrac and Traminco, according to Mr Jacquier, and these two companies received a considerable amount of money from the 1980s to the mid-1990s. For tax reasons, Mr Jacquier said the existence of Mitrac and Traminco was kept secret from shareholders of Colibel and Cofimines, in which Schneider had a stake. Minority shareholders in Colibel and Cofimines said Schneider had not given them good enough terms in buying them out in 1992. This eventually launched the Belgian judicial inquiry which in turn landed Mr Peneau-Valencienne in jail. Mr Peneau-Valencienne was eventually released on FF2.5m (£290,000) bail. Mr Jacquier's reported comments would appear to point the finger at Mr Jean Verdout, who managed Schneider's interests in Belgium until his death in an air crash two years ago.

Moscow reports denied

President Boris Yeltsin's spokesman yesterday described as a "fabrication and a lie" press reports that the Russian leader might sack prime minister Victor Chernomyrdin, who is recovering from a kidney complaint. Komsomolskaya Pravda newspaper yesterday quoted "informed sources" as saying that Mr Yeltsin wanted to replace him with Mr Yuri Skokov (pictured left), a presidential crony with links to the defence industry and hardline Russian politics. This latest report may well reflect genuine anger by the defence lobby at the government and lower chamber of parliament's refusal to grant it extra spending in the 1994 budget.

Czech fugitive stays put

Mr Viktor Kozeny, the Czech financier being investigated by prosecutors over his role in a blackmail scandal, yesterday denied wrongdoing but said he would not return to Prague from self-imposed exile abroad until he was allowed "to pursue my job in peace". Mr Kozeny, who went to Switzerland in March during the trial of a Secret Service agent he had accused of blackmail, said it was "simply impossible" to manage his Harvard group of investment funds while "being branded a criminal".

Lisbon: 'fastest growing city'

Lisbon is set to be the fastest-growing European city in the next four years, closely followed by Dublin, Hamburg, Athens and Lille, according to new UK economic study. The report, by Cambridge Econometrics, predicts Stuttgart will see the slowest rate of economic growth. Stuttgart's economy is predicted to expand by only 1.1 per cent a year, while Lisbon is expected to grow by 3.6 per cent a year. London will grow 2.5 per cent a year, with Paris' growth rate of 1.8 per cent.

European Regional Prospects, Cambridge Econometrics, Covent Garden, Cambridge, UK. ECU100
Gillian Tett, Economics Correspondent

Poland expects 5% growth

The Polish government expects the country's economy to grow an average of 5 per cent a year until 1997 and inflation, now 30 per cent annually, to fall to single figures by then, according to a plan presented to parliament yesterday. The plan foresees unemployment falling from 16 per cent to 14 per cent in the period. But Mr Grzegorz Kolodko, deputy premier in charge of the economy, warned of inflationary dangers as industrial unrest affected several major enterprises. Yesterday over 20,000 workers at the giant Huta Katowice steelworks continued a nine-day-long strike in support of wage demands while the Italian-owned Huta Lincobit Warszawa steelworks in Warsaw saw its 2,000 employees occupy the plant to back a 30 per cent wage rise demand.

Irish health insurance move

Private health insurance in Ireland will be opened up to competition but new entrants will be prevented from "cherry-picking" the low-risk sector of the market, according to government proposals published this week. An EU directive on health insurance comes into force next month, and the proposals are intended to ensure Ireland's compliance with the directive in the health insurance sector, by allowing other EU groups to enter the Irish market.

ECONOMIC WATCH

Portugal's fiscal revenue rises

Fiscal revenue in Portugal rose 26.8 per cent in the first five months of 1994, compared with the same period in 1993, to Es1,806bn (£1,07bn), the finance ministry said yesterday. The increase of Es276.2bn is already more than the Es240bn in tax revenue growth that the government budgeted for the whole of 1994. A 3.9 per cent increase in government expenditure from January to May was also well within budget, the ministry said. The revenue rise reflects improvement in tax collection, particularly of VAT, after virtual

breakdown of the tax machine last year. Indirect taxation revenue rose 39.3 per cent over the first five months to Es677.8bn. Control over spending is largely attributable to a rise of only 2.5 per cent in public administrative sector wages during the first quarter of 1994. Portugal's budget deficit for the first five months fell 35.1 per cent, compared with the same period last year, to Es292.2bn. Peter Wise, Lisbon

W. France's seasonally-adjusted industrial production index rose 0.5 per cent in March from the previous month to an index level of 110.5, the National Statistics Institute (INSEE) said yesterday.

Dutch consumer spending in the first quarter of 1994 showed a strong 2.3 per cent year-on-year rise, largely due to a boost in car purchases, the Central Bureau of Statistics (CBS) said yesterday.

W. European airlines' estimated operating losses rose fractionally in 1993, to Es34bn (£1.48bn) from £2.2bn in 1992, the Association of European Airlines said.

Nato offers Russia a special relationship

By Bruce Clark in Istanbul

Nato yesterday held out an olive branch to Moscow by promising it a relationship that would reflect Russia's status as the most powerful nation in Europe.

Diplomats said the message, contained in a communiqué by Nato foreign ministers and a series of verbal statements by senior Alliance figures, should be enough to persuade Russia to join Partnership For Peace, the military co-operation programme, in the near future.

Mr Andrei Kozyrev, Russian foreign minister, will deliver an initial response to the initiative when he and his counterparts from other east European nations arrive in Istanbul today.

The Nato ministers hope Mr Kozyrev will join PFP, in which 20 other eastern central European countries have agreed to participate, in time for next month's summit of the Group of Seven.

Ideally, the question of Nato's relations with Russia would be settled before the European Union summit in Corfu later this month, which is expected to set the seal on enhanced Russia-EU ties.

Mr Sergio Balzino, Nato's acting secretary-general, told

the meeting: "Russia will remain the most powerful nation in Europe; its active participation in building a new security architecture in Europe is vital".

The ministers called for an "extensive and far-reaching" role for Russia within PFP, a programme envisaging exchange of military knowhow, co-operation over peace-keeping, and the possibility of full Nato membership.

In a significant concession to Russian aspirations, they also called for relations with Moscow to be developed "in appropriate areas" outside PFP.

Diplomats said this implied acceptance of Russia's wish for an upgraded dialogue on matters such as nuclear safety and non-proliferation.

The ministers stopped short of using the words "special relationship" to avoid offending Moscow's former satellite nations.

They also avoided giving any satisfaction to Russian demands for broader institutional changes in Europe, which at their most extreme called for Nato's subordination to the Conference on Security and Co-Operation in Europe.

Diplomats pointed to one behind-the-scenes development

which, although in theory quite separate from yesterday's deliberations in Istanbul, should give Moscow considerable cause for satisfaction.

Long-running talks within the CSCE on setting up a set of principles to govern peace-keeping was making good progress and could soon yield a formal agreement, they said.

Russia wants to secure Western acknowledgment of its "peace-keeping" role in the southern republics of the former Soviet Union.

The Nato ministers welcomed the announcement of a one-month ceasefire in Bosnia and pledged to work quickly

for broader agreement on the republic's future.

Mr Alain Juppé, French foreign minister, said the contact group on Bosnia, including the US, Russia, Britain and Germany, should within 10 days have prepared a map providing for a territorial division of Bosnia which the parties would be urged to accept.

"Severe pressure" would be put on any party blocking moves to a long-term settlement.

If a settlement won general acceptance, he was confident the US would make good on its promise to provide peacekeeping forces.

Swiss likely to shun peacekeeping in poll

By Ian Rodger in Zurich

The Swiss, who pride themselves on being the world's great peacemakers, look set on Sunday to prohibit their soldiers from participating in UN peacekeeping activities.

Polls indicate a close overall result in Sunday's referendum on whether to allow the Swiss Army to contribute troops to the UN's blue helmet corps in the world's trouble spots. That means the requirement for majorities to be achieved in over half the country's 26 cantons will almost certainly not be satisfied.

Other decisions by the Swiss in

recent years to eschew international involvement have so far produced no noticeable negative consequences for the country. But signs exist that a No vote in this case would poison ties with neighbouring countries.

Last week, Mr Matthias Wissmann, German transport minister, said the vote had no direct relation to European transport talks jolted by a Swiss referendum decision in February to prohibit all lorry transit traffic from the Alps from 2004.

The connection was "more atmospheric," Mr Wissmann said. With a "yes" vote, Switzerland would signal it sought not only advantages from

international relations but also to carry the burdens. That message has been submerged in a campaign where opponents are appealing to arrogance and narrow-mindedness.

Supplying blue helmet troops would compromise the country's treasured neutrality, said Mr Christoph Blocher, the charismatic right-wing politician-industrialist who has successfully led campaigns in recent years to keep Switzerland out of the UN and the European Economic Area.

The fact that Sweden, Finland, Austria and other neutral countries can reconcile their status with supplying blue helmets is brushed aside. "Swit-

zerland is the only long-standing armed neutral," Mr Blocher replies.

He and other opponents charge that Swiss blue helmets would be controlled by the UN Security Council, and thus would be creatures of the policies of the big powers that control the council. The Swiss government insists it would retain the power to decide on participation of Swiss troops in any given situation.

Opponents point to the failure of the blue helmets to prevent the slaughter in Yugoslavia, claiming they are a waste of money and an unnecessary risk to soldiers' lives. Their advertising posters feature an

illustration of eroding Swiss soldiers' gravestones in some distant desert.

They say Switzerland already fulfils its international responsibilities by contributing to many UN agencies and other humanitarian organisations.

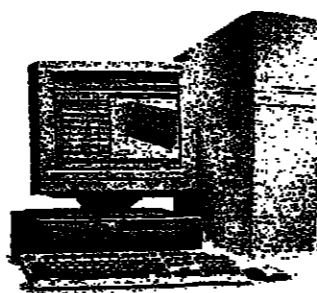
The government, with wide support in parliament and business circles, agrees Switzerland can be proud of its humanitarian efforts, but it must also share the responsibility for the increasing need for international peacekeepers.

It says participation in the corps would be voluntary. They would not be sent to active combat zones.

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NEWS: EUROPE

Sunday's European vote is critical for fate of Socialist government, writes David White

González waits for the judgment of Spanish



EUROPEAN ELECTIONS

June 9 and 12, 1994

If the opinion polls are right, Sunday's European parliament ballot will give the conservatives of Spain's Popular party their first victory in a nationwide election since General Franco's death in 1975 and the restoration of democracy. How much damage the governing Socialists sustain in the aftermath of recent corruption affairs will crucially affect the fate of Mr Felipe González's government, re-elected a year ago for a fourth term.

Mr González's vital ally, Catalonia's regional president, Mr Jordi Pujol, has promised continued backing irrespective of who wins on Sunday - "unless something spectacular happens". Mr Pujol's Convergència i Unió party has just enough deputies in the national parliament to make a combined majority with the Socialists and shore up the government.

For the moment, this arrangement is convenient for Mr Pujol. He gains leverage in Madrid, and may see the Socialists as less of a danger to him in Catalonia while they hold power nationally than they would be in opposition. Also, he could not easily switch allegiance to the Popular party, which has queered its pitch in Catalonia by making a fuss over the language issue.

However, many of his party's grass-root supporters fail to understand why they should help a discredited government in Madrid. The more the government's credibility is undermined - either by further disclosures or by a heavy defeat on Sunday - the more fragile this informal alliance will become.

Opinion polls have been remarkably consistent. The Socialists, fighting for the centre ground with both the PP and mainstream regional parties, are generally given only about 31 per cent of the vote, compared with almost 39 per cent in last year's general election and 40 per cent in the 1989 European election. The PP comes ahead of this in all the



Mr Felipe González: how much damage his Socialist party sustains in the European parliament elections will crucially affect his government's life expectancy

polls, mostly in a range of between 37 and 40 per cent, improving on its score last year of just under 36 per cent. This would give the conservatives 26 or 27 seats compared with the 15 they won in 1989. The Socialists would lose up to six of their 27 seats.

The Communist-led United Left is predicted to show strong gains with up to 15 per cent of the vote.

With the same consistency,

the Socialists are seen losing ground in their stronghold region of Andalucía, where regional elections are being held on the same day - maintaining their lead but losing their outright majority, and therefore probably being forced to seek an alliance with the United Left.

Mr José María Aznar, the PP leader frustrated in his bid for power last year by a margin of 1m votes, believes his party

could finish 2m votes ahead - and within the next year win a general election.

But there are dangers in drawing too many conclusions from the polls. Firstly, Sunday's vote cannot necessarily be translated into a likely general election result. Many observers see it as a cost-free way for voters to punish the government. The "useful vote", which last year enabled the Socialists to pick up part of the

United Left's electorate to stave off a right-wing victory, does not apply.

Secondly, pre-election polls in Spain are often misleading. Mr Fernando Morán, the 68-year-old former foreign minister who heads the list of Socialist candidates, says there has always been a "hidden vote". In previous elections, this has involved supporters of the traditional right who were reluctant to declare their sympathies to pollsters. This time, he says, the same may apply to Socialist supporters.

The professorial Mr Morán, whose signature stands on Spain's 1996 European accession treaty, leads the personal popularity stakes among the candidates. He believes the Socialists could still end narrowly ahead but says an advantage of one or two seats for the PP would be an "acceptable" result.

Predictably, Socialist politicians have again conjured up the spectre of the authoritarian right. Mr Aznar has tried to remove his reformed PP from any associations with Francoism, which put a ceiling on the party's vote-winning potential when it was under the

leadership of Mr Manuel Fraga, former information minister under the Franco regime. However, some close collaborators of Mr Fraga still figure on the PP list.

A star young PP candidate, Ms Mercedes de la Merced, provided a godsend for the other parties by speaking favourably of Franco as "a person who cared about the weaker classes" and who "built a whole lot of houses for the poor".

Up to eight of Spain's 39 lists of candidates - almost twice the number in France - stand a chance of returning an MEP. Less likely contenders include the traditionalist Carlist Communism, two Falangist parties and the Spanish branch of Hunting, Fishing, Nature and Tradition, whose candidates include a bullfighter.

Businessman José María Ruiz-Mateos, who helped stave off trial on falsification charges by getting elected on his own ticket last time, is standing again. His posters show him in a hard-hat with the slogan "Spain for the Spaniards, work for everyone." But the omens are not good. The football club he bought has just been relegated to the second division.

Europoll campaign soundbites

"If there is an electoral disaster, there will have to be some hard thought." - Felipe González, Spanish prime minister.

"Italy counts for little in Europe at the moment. It has to count for more." - Forza Italian candidate Francesco Bove.

"We cannot pick and choose to which continent we belong." - Douglas Hurd, UK foreign secretary.

"An Anglo-Saxon billionaire with the bulk of his fortune invested in the US." - Dominique Baudis, leader of the French UDF-PPR list, on Sir James Goldsmith, the tycoon running on anti-Maastricht ticket.

"They are trying to use the date to destroy the whole idea. I will not play along with that." - Chancellor Helmut Kohl, on British Euro-sceptics stressing the importance of the Maastricht convergence criteria for EMU.

"No, no, no and no again!" - Danish People's Movement Against the EU.

"It is now clear that John Major is a junkie hooked on Tory central office lies." - Jack Cunningham, Labour's shadow foreign secretary.

"We would rather be open to the world than turned in on ourselves." - Slogan of Germany's Green party.

"Our aims go beyond Maastricht: monetary union and a free market are not enough." - former Christian Democrat Mario Segni who helped trigger electoral reform in Italy.

"The government has an archaic vision of Europe. They think Europe is ahead." - José Jon Imaz, Basque Nationalist Party candidate.

"Europe Yes, Portugal For Ever." - Slogan of Portugal's governing Social Democratic party and the right-wing CDS-PP.

"Europe No, Portugal Never" - sell-out satirical review now showing in Lisbon.

Contented Luxembourgers look for more of the same

Luxembourg comes across as a tonic for a Europe fed up with recession. Dripping with prosperity after an almost unbroken 10-year cycle of growth, with unemployment a quarter of the EU average, the tiny Grand Duchy, exploiting its niche at the conjunction of France, Germany and Belgium, outwardly looks very self-satisfied indeed.

Proud of its role as one of the six original founders of the Euro-club, its people's commitment to Europe is not in doubt. But nor is it any longer unquestioning.

Turnout in the June 12 elections to the European Parliament will be deceptively high at nearly 90 per cent. As in Belgium, voting is compulsory, and uniquely, Euro-polls coincide with national elections.

In the latter, the coalition between the Christian Socialist and Socialist parties, in power since 1984, is expected to be returned, with a modest bruising from the liberals of the

David Gardner finds the prosperous Grand Duchy, one of the six founder members of the Euro-club, upbeat on the question of European integration

Democratic Party, more Greens alongside them, and perhaps a first seat for Luxembourg's small but threatening far Right.

At European level, where Luxembourg has a generous 6 seats in Strasbourg for its 400,000 people against, for instance, Germany's 99 seats for 81m inhabitants, the existing configuration should also hold steady. The Christian Socialists have three MEPs, the Socialists two, and the liberals one - although the newly unified Greens might just win one seat.

Green MP Jup Weber, standing for Strasbourg where he already advises Green MEPs on forestry conservation, sums up the views not only of a small party but a small country when he says of the European Parliament that "it is a fantastic instru-

ment for networking."

But behind this placid exterior the Luxembourgers worry a bit more about Europe's direction. "Luxembourgers know that we need Europe, especially after the last war," says Mr François Biltgen, the Christian Socialist chief whip. "The question is what sort of Europe we want."

The trauma of the second world war is scarred deeply in Luxembourg, which suffered proportionately the highest losses on the allied side except the Soviet Union. The post-war embrace of European integration was and is seen as its guarantee of peace and sovereignty.

But there are now undercurrents of concern about issues such as European citizenship and voting rights for foreigners; impact of the Single Market; perceived threats to

Luxembourg's thriving financial centre; and fears that the EU's 1996 constitutional review could downgrade the rights of small member states.

Maastricht allows foreigners to vote in European, and eventually, local elections. In Luxembourg, one third of the population and half the workforce is foreign.

The government therefore won a derogation requiring five years' residence before eligibility to vote, and 10 years before eligibility for office. This mostly deprived xenophobes of their market, and in practice only 6,000 foreigners have registered to vote.

In Dudelange, a neat industrial town of 16,000 near the French border, Mr Mars di Bartolomeo, the Socialist mayor and former parliamentary chief whip - himself the

grandson of Italian immigrants - argues that Luxembourg is a living example of integrating Europe's peoples. "You have the Europe of the institutions and you have the lived, practical Europe," he says. "That's what you see around you here, and we're proud of it."

But many Luxembourgers are less enchanted with the border-free Single Market, sold as a way of expanding into a hinterland of 10m. But bordering areas are more down-at-heel, and it is foreign companies moving into Luxembourg which are getting the best end of the deal, putting pressure on the Grand Duchy's mostly small- to medium-size industries.

European harmonisation, moreover, could close the loopholes that enabled Luxembourg to become a

tax haven and satellite broadcasting centre. "Our partners tend to think we became rich essentially at their expense, by exploiting loopholes," acknowledges Paul Helminger, deputy mayor of Luxembourg city standing for the Democrats for both parliaments. With decisions of this magnitude increasingly taken at EU level, "it is not surprising that people are questioning the wisdom of dismantling the nation-state," Mr Helminger says.

The Democrats, traditionally the party of Europe, which provided Gaston Thorn as Commission president in the early 1980s, have sprouted an influential Euro-sceptical wing to reflect this. And all the main parties are determined to preserve Luxembourg's position in the 1996 review of power-sharing and decision-making in the Union.

"Our position is that we need Europe, but that too much Europe could be harmful for a tiny country," says Mr di Bartolomeo.

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Committees of Senate and House to study reform bills

Congress moving on healthcare

By George Graham in Washington

The US Congress has at last started to make some progress in its efforts to draft healthcare legislation, but consensus on how to reform the system is as far away as ever.

Senator Daniel Patrick Moynihan, chairman of the Senate finance committee, yesterday presented his committee members with a proposal closely modelled on President Bill Clinton's reform plan, which the House of Representatives has already passed.

The Senate labour committee, chaired by Senator Ted Kennedy, was meanwhile expected by last night to become the first of the five big congressional committees with jurisdiction over healthcare to complete its work on a bill that also bears a close resemblance to the Clinton plan.

Even their proponents do not suggest that any of these versions is close to being the sort of magic compromise that would pass both the House and the Senate.

"The important thing is that the main committees get bills marked up, then we can slug it out on the floor," an administration official said.

Mr Kennedy has achieved some progress, winning unanimous votes on a handful of

measures that could form part of the final bill. On most measures, however, his committee, regarded as more left-wing than the Senate as a whole, has split along party lines.

The only Republican to vote consistently with the Democrats was Senator James Jeffords of Vermont, who is generally far more left-wing than most centrist Democrats.

Mr Moynihan, meanwhile, has failed after weeks of negotiations to come up with the Republican support that he has said is essential for the passage of healthcare reform.

His proposal broadly follows the Clinton plan, including the requirement that employers pay 80 per cent of the cost of health insurance for their employees, though it adds subsidies for small businesses and eliminates the compulsory insurance-buying alliances in the White House version.

But congressional healthcare experts said yesterday that Mr Moynihan's purpose was to prove to the White House that its scheme is truly dead, by demonstrating how little support it gets in his committee.

Other centrist senators are working on proposals aimed at finessing the controversial employer mandate while still reaching universal coverage.

Among these ideas is a "hard trigger", in which the employer mandate would only come into effect if, after a specified number of years, market reforms in a voluntary system have not resulted in 85 per cent of currently uninsured workers obtaining coverage.

Chile targets roads as the route to growth

David Pilling reports on the awarding of concessions to upgrade rundown infrastructure

Mr Ricardo Lagos does not believe in miracles. "Behind the Asian miracle, there are two principal factors," says Chile's recently appointed public works minister. "A radical reform of the educational system and a spectacular programme of infrastructure."

The fact that infrastructure is now the responsibility of such a high-profile minister - Mr Lagos is one of Chile's best-known politicians - indicates the new administration's desire to follow Asia's lead by upgrading and expanding a largely dilapidated transport network.

Chile's road system, for example, has been starved of resources for decades and has hardly altered since the 1970s, though traffic flows have quadrupled.

Mr Christopher Brown, executive director of the Chilean-British chamber of commerce, says rundown infrastructure could start to hamper growth. Unless action is taken, he says, "export bottlenecks will emerge, and we just won't be able to get the products to the boats on time".

Chile, which has grown by an average 6 per cent a year over the past decade, is dependent on trade, exporting nearly a third of its gross domestic

product. Mr Lagos agrees with Mr Brown's verdict. He proposes to double annual spending on infrastructure to \$1.5bn (£1bn) within four years, both to improve export competitiveness and to help the administration's broader aims of eradicating extreme poverty.

Mr Lagos says a total of \$33bn needs to be invested by 2010 and that new ways, including an ample role for private sector financing, must be found to pay for public works.

Projects built under concession, legislation for which was approved during the previous administration of President Patricio Aylwin, will play an important role, he says. The first such project - the \$22m El Melón tunnel to the north of Santiago - is being built by Endesa, an energy holding company. Mr Lagos hopes to sign concessions for road projects worth \$110m this year and for \$220m in 1995.

Mr Alejandro Fernández, head of studies at independent economics consultant Gemines, supports concessions in theory, but says the new law is "clumsy and bureaucratic".

Mr Lagos concedes that legislation is "in need of perfection", for example by exempting tolls from value-added tax. He does not believe, however,

that concessionaires should enjoy full ownership rights, favouring instead the eventual transfer of projects to the state. Tase, a Santiago-based think-tank, has argued that this mechanism may act as a disincentive to adequate project investment.

Again Mr Lagos concedes that the build-operate-transfer arrangement can make it difficult for concessionaires to secure financing since banks often require as collateral the project itself, not just the rights over its use. He believes lending institutions need to change their attitude in this respect.

To help concessionaires, he says, the state is willing to subsidise certain projects. It will, for example, provide a \$4.2m subsidy to concessionaires building the \$22m road to the southern city of Concepción, the centre of the forestry industry.

Mr Lagos hopes Chile will soon be able to build an annual \$300m-worth of infrastructure under concession: private analysts estimate that \$25n could be raised over the next five years. He says Mexico's ambitious - but not always successful - attempt to involve the private sector in infrastructure has persuaded Chile to move



"more slowly, but more surely".

Chile's private pension funds (AFPs), now worth \$17bn, are another potential source of finance.

Legislation passed earlier this year allows AFPs to invest part of their portfolio in project-funding bonds and Mr Julio Bustamante, chief AFP regulator, believes they could soon be providing 40 per cent of the private infrastructure capital. Some analysts say, however,

that risk-rating requirements will oblige them to proceed more slowly.

The government also wants private sector involvement in the dilapidated railway system, part of which is due to be privatised later this year. Ten companies, including Renfe of Spain and Railtex of the US, have prequalified for the sale of 51 per cent of Fepasa, the railway cargo division.

A number of Chilean forestry exporters, seeking cheap access to the coast, are also interested.

Chile's ports, which handle nearly 95 per cent of exports, are split between the public and private sectors. Although efficient by Latin American standards, analysts say they fall far short of south-east Asian or European levels. Mr Lagos says he has no ideological objection to port privatisation, though he does not believe this should be an end in itself.

Looking to the next century, Mr Lagos shares with many other analysts a vision of Chile as South America's gateway to Asia. "Brazilian industrialists in São Paulo would find it much cheaper to be two days' lorry drive from Iquique or Antofagasta (northern Chilean ports) than to have to take a

boat around Cape Horn or through the Panama Canal to get to Japan or China," he says.

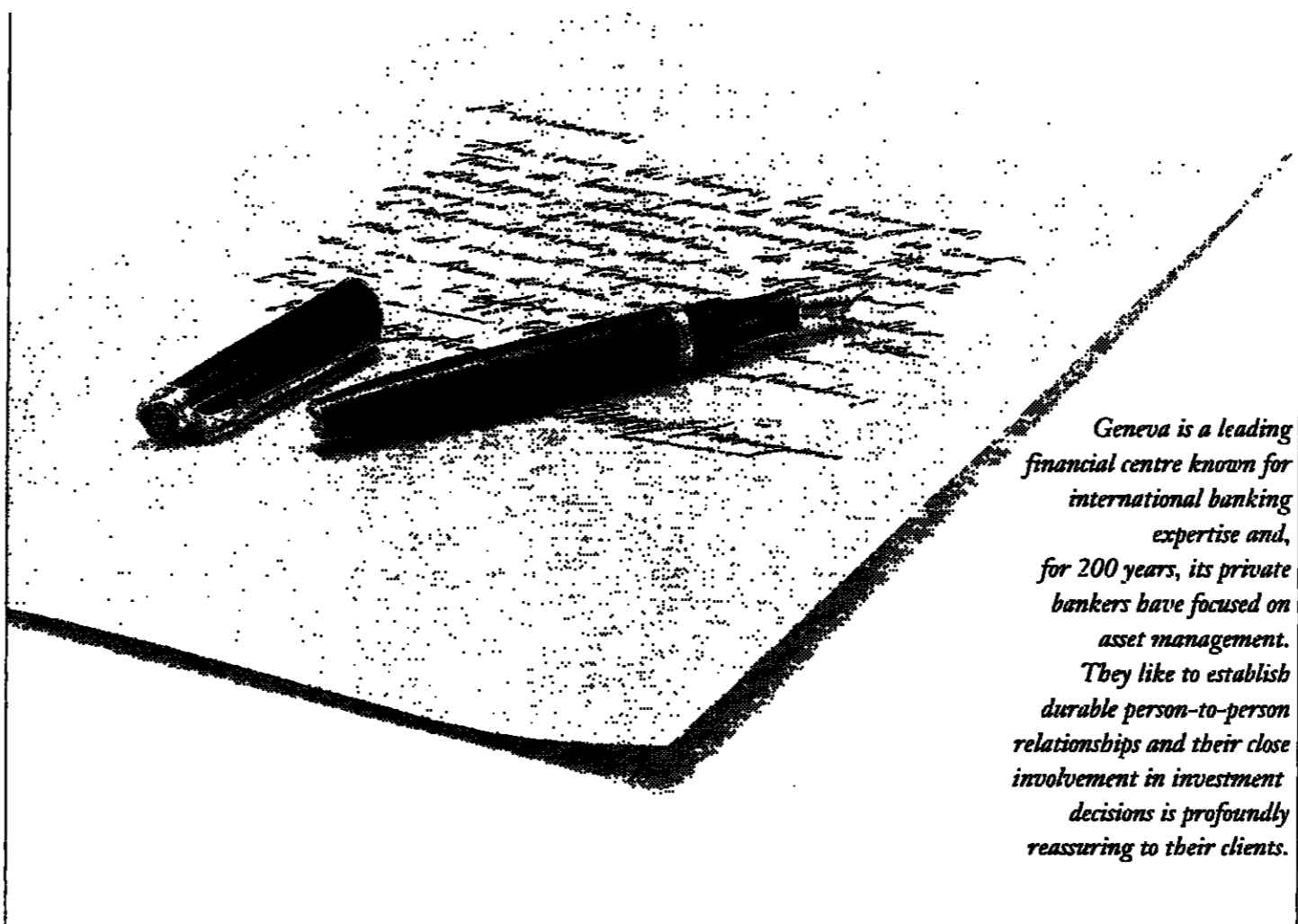
To exploit its 3,000-mile coastline to the full, Chile would need drastically to improve its links with Bolivia and Argentina. A tarmac road from Arica to the Bolivian border is due to open this year and plans have been announced for the possible construction of a sub-Andean tunnel to Argentina.

Mr Lagos wants 11 more overland passes to Argentina - in winter it is often impossible to drive between the two countries - while Mr Fernández believes roads dedicated purely to international cargo should be built.

Mr Lagos is not daunted by the task. As global trade expands and as Latin American nations such as Argentina and Brazil begin to realise their export potential, he believes Chile will be in a unique position to act as entrepot.

"I am convinced that our geographical location, looking out on the Pacific, is a resource that we have to exploit. The republic of Venice in the 15th century had one great advantage - its location. That is Chile's greatest asset too."

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Price-fixing in plastics admitted

By Jeremy Kahn in Washington

The US Justice Department said yesterday it had cracked a price-fixing conspiracy among three plastic cutlery manufacturers that controlled over 90 per cent of the \$100m-a-year US market.

Following joint raids by the Federal Bureau of Investigation and the Royal Canadian Mounted Police, the department charged that executives at Minnesota-based Plastics Inc, Pennsylvania-based Polar Plastics and Massachusetts-based Comet Products had agreed in secret telephone conversations and meetings to drive up prices on disposable cups and glasses from December 1991 to December 1992.

The three companies have all agreed to plead guilty and will collectively pay over \$8.35m (\$5.57m) in fines. Four corpo-

rate executives charged individually in the case also agreed to guilty pleas and face potential imprisonment and hundreds of thousands of dollars in fines under US anti-trust and wire fraud laws.

"This is the kind of international co-operation that is urgently needed in an age of shrinking borders and international anti-trust conspiracies," Ms Janet Reno, US attorney general, said of the combined US-Canadian raids that led to the indictments.

The administration has been attempting to bolster anti-trust operations.

Two of the executives charged, Mr Robert Westbrook and Mr Warren White, president and vice-president of Plastics Inc respectively, are accused of defrauding Delta Airlines and Buzal, both of which use large quantities of plastic dinnerware.

Bosnia pressure on Clinton grows

By George Graham

The US administration came under increasing pressure over Bosnia yesterday when the House of Representatives voted to require the US to stop enforcing the United Nations arms embargo against the former Yugoslavia and to supply weapons to the Bosnian Moslem government.

The vote, by 244 to 178, does not have the force of law but will complicate the administration's efforts in partnership with its European allies and Russia to bring the warring parties to a peace settlement.

Congressman Lee Hamilton, chairman of the House foreign affairs committee, warned it would merely aggravate the conflict in Bosnia.

"First of all, it's going to intensify the war," he said, adding that the vote would also lead to the withdrawal of UN troops, the breakdown of humanitarian operations and the end of the peace process.

Congressman Jerrold Nadler countered that the embargo was "the handmaid of genocide".

President Bill Clinton has said he favours lifting the arms embargo on Bosnia but does not want to act unilaterally, in defiance of the wishes of the European countries which make up the bulk of the UN peacekeeping force in Bosnia. Senior administration offi-

cials lobbied members yesterday morning to vote against the measure, which they feared would complicate their efforts to persuade the Bosnian Moslem government to accept a "reasonable solution".

The US has in recent weeks moved closer to the views of France and the UK on the need to apply pressure on the Bosnian Moslems. Officials have indicated that they would be ready to consider removing some economic sanctions against Serbia if the Bosnian Moslem government rejected the peace proposals on which the US is working with Europe.

Yesterday's resolution, sponsored by Congressmen Frank McCloskey of Indiana and Benjamin Gilman of New York, requires the president to "terminate the US arms embargo of the government of Bosnia and Herzegovina upon receipt from that government of a request for assistance in exercising its right of self-defence".

It authorises the president to provide "appropriate military assistance" and authorises the transfer of up to \$200m (£133m) of military equipment and training services to the Bosnian government.

Although the Senate has passed a similar resolution, its language was different, and identical versions would have to be passed in both chambers before the measure could become law.

**Palestinian
emergency**

Southern African leaders reassure investors

By Mark Suzman, Patti Waldmeir and Michael Holman in Cape Town

South African President Nelson Mandela and other southern African leaders yesterday urged foreign businesses to invest in the region and pledged to work quickly towards a regional free trade treaty and common market.

Speaking to several hundred business leaders from around the world at a meeting of the World Economic Forum in Cape Town, President Mandela declared South Africa's support for the creation of a free trade agreement between eastern and southern African states and said he hoped an African common market would be established "in the near future".

President Joaquim Chissano of Mozambique, President Robert Mugabe of Zimbabwe and President Ali Hassan Mwinyi of Tanzania, who also addressed the summit as part of a panel, made similar commitments. They said the demise of apartheid in South Africa meant that, for the first time, "frontline" states were able to enter into a co-operative relationship with their neighbour to the south.

Over the past few months there has been widespread debate over future economic plans for the southern African region, with most neighbouring countries eager to encourage the export of South African skills and investments but



Zimbabwe's President Robert Mugabe (left) meets President Mandela in Cape Town yesterday

feared the country might use its power to gain regional domination.

The meeting appeared to indicate a desire on both sides to approach the issue cautiously, while highlighting to the rest of the world that most countries in the region were now politically stable and supportive of free market policies.

Mr Mandela's speech opening the two-day meeting, was clearly designed to reassure potential investors about the new government's commitment to a stable, free market economy.

He pledged his government would not pursue any policies that might "upset market balance and undermine fiscal sta-

bility". President Mandela also insisted the government would not consider nationalising industries, although it was still a strategy that could be used at "appropriate time" such as after a war. However, he was vehemently opposed to any further privatisation of state corporations.

What world donors did not know about Kenya frauds

By Leslie Crawford, James Harding and Michael Holman

When international creditors pledged \$850m to Kenya's economic recovery programme last November, they did so in the knowledge that newly-appointed reformers in the finance ministry and the central bank were committed to cleaning up Kenya's financial system. What they did not know was the scale and systematic nature of corruption at the Central Bank of Kenya.

What began in 1991 as the crude falsification of export invoices to benefit from government export incentive schemes, escalated over the next two years into a series of financial frauds, estimated to have cost Kenya \$430m, according to unpublished official estimates - equivalent to 10 per cent of the country's annual gross domestic product.

The financial irregularities drew in CBK officials, Kenyan businessmen, senior politicians and ultimately two international banks. The scams are understood to have fuelled already excessive money supply and inflation, increased the government's domestic debt, and contributed to the devaluation of the Kenyan shilling by 47 per cent in 1993.

Although the irregularities were unravelled by auditors working at the request of the International Monetary Fund, a full account of their findings was never passed on to donors. Documents obtained by the Financial Times, recent comments of Mr Michale Chesher, the new CBK governor, and the arrest last week of a leading Kenyan businessman and

four former CBK officials are helping to bring the details of the fraud to light.

In 1991, Goldenberg International, a Nairobi trading company, owned by Mr Kamlesh Patni, a Kenyan businessman and also owner of Exchange Bank, was granted sole rights by the finance ministry to export diamond jewellery and gold from Kenya. The company claimed to be exporting, but there was no evidence of this in customs statistics, although it earned \$45m from the government's export incentive scheme. Kenya's auditor general noted in his 1993 report that the export compensation had been paid irregularly.

Mr Patni and others went on to tap the CBK's pre-shipment finance facility, a source of credit so widely abused that it was closed at the insistence of the IMF in March 1993.

But there were other scams at the CBK that profited several of Kenya's commercial banks.

According to an IMF report, domestic banks obtained irregular access to CBK credit by holding large overdrafts with the CBK and persisting deficiencies in meeting statutory cash ratios.

The CBK is investigating the theft and possible forgery of some \$200m of Foreign Exchange Certificates - bearer bonds which entitled the holder to hard currency at a time when dollars were still rationed in Kenya.

In addition, the IMF report says domestic banks, in forward contracts with the CBK, received advances in local currency, but delayed the delivery of foreign exchange or defaulted on payment outright.

Mr Patni's Exchange Bank defaulted on its contract by which it had obtained KSh9.9bn in April 1993 against the future repayment of \$210m. At that time, the irregular outstanding credit at its peak was estimated to be as much as KSh24bn.

To erase liabilities incurred by the forex fraud, CBK officials devised fictitious deposits of hard currency in two UK accounts to make it look as though the CBK's foreign exchange reserves were greater than they were.

According to Mr François Vikar, communications director at Banque Indosuez in Paris, Mr S.A. Tabari, former deputy chairman and chief executive officer of Exchange Bank, introduced CBK officials to Indosuez Aval, a UK subsidiary of Banque Indosuez.

The contract establishing the account for a fictitious deposit was signed on June 10 by Indosuez Aval's chief executive, Mr D. I. Guild and Mr Job Kilach, head of the CBK's foreign department, and Mr Michael Wanjibia, chief foreign exchange dealer.

Mr Vikar insists that Indosuez Aval "in no way knowingly participated" in the concealment of financial irregularities.

He says: "To make things look absolutely normal", Indosuez Aval made interest payments on the fictitious deposits using monies made available from a CBK advance.

Certainly Indosuez Aval knew that the CBK wanted "to make itself look as good as possible... before the visit of IMF officials". Mr Vikar acknowledges that

Indosuez Aval was "doing window-dressing". But it was "not doing hanky-panky".

The cover-up came to light, however, when the CBK was asked why it did not meet its foreign debt obligations when it had significant cash reserves abroad. The accounts were then closed.

A full chronicle of the irregularities was presented in July to reformist finance minister Musalia Mudavadi in a report prepared by an independent team lead by Price Waterhouse, the accountants. Mr Mudavadi responded to its findings by ordering the closure of Exchange Bank, Pan African Bank and Post Bank Credit. In the same week, Mr Eric Kotut, the CBK governor, resigned, but denied any wrongdoing.

In an attempt to recover some of the monies the CBK has seized several of Mr Patni's assets, including the five-star Grand Regency Hotel in the centre of Nairobi.

Last week, Mr Patni was charged in a Nairobi court with stealing a total of KSh9.9bn from the CBK, along with four former CBK officials including Mr Kilach and Mr Wanjibia.

The full explanation of irregularities in Kenya's banking sector was shown to the IMF. International donors, including the World Bank, however, have not seen the auditors' report.

At a conference on Kenya's aid chaired by the World Bank in Paris in November, donors and lending institutions endorsed the Kenyan government reforms by ending a two-year freeze on aid with a pledge of over more than \$850m.

NEWS IN BRIEF

Palestinians seek emergency funds

Cash-strapped Palestinians yesterday urged international aid donors to release funds to pay for the embryonic self-government in Jericho and the Gaza Strip. Julian O'Sullivan reports from Jerusalem.

Mr Nabil Sha'ath, Palestinian "minister" for planning and economic co-operation, met World Bank and donors in Paris to plead for a quick cash injection, amid mounting concerns about a looming financial crisis.

Palestinians say that unless donors disburse aid within days, the Palestinian administration will be unable to meet June salaries for policemen and civil servants.

Mr Sha'ath presented the Paris meetings with a \$381m (\$254m) annual spending budget for the Palestinian National Authority. The Palestinians hope to raise \$204m from taxes and customs and want donors to meet the \$177m deficit.

Turkey wins UN backing to lift Iraq sanctions

Turkey has won backing from the UN for a one-off lifting of sanctions against Baghdad to allow the release of some 12m barrels of oil stuck in Turkey's twin pipeline to the Mediterranean. John Murray Brown writes from Istanbul.

Mr Douglas Hurd, UK foreign secretary, told his Turkish counterpart, Mr Hikmet Cetin, in Istanbul yesterday that the UN Security Council would back Turkey's proposal for the flushing of the twin pipeline, closed since sanctions were imposed on Baghdad in August 1990.

China exports grow faster than imports

China's exports grew faster than imports in the first five months of the year, raising prospects of balanced trade this year after last year's \$12bn (\$8bn) deficit. Tony Walker writes from Beijing.

Exports grew 24.1 per cent to May against 18.1 per cent growth in imports. Exports for the five months reached \$37.49bn and imports \$39.26bn, but customs reported faster export growth in May. China's foreign trade deficit to May reached \$1.79bn against \$2bn for the same period in 1993.

Pakistan extends sales tax to cover more items

Pakistan last night extended an existing general sales tax to cover up to 275 items, including many consumer goods, in the country's annual budget. Farhan Bokhari reports from Islamabad. The new tax will exclude food, medicines and some clothing. With a 15 per cent tax will be applied on shoes, tyres, cement, glass and steel goods. Factories with annual turnover of Rs500,000 (\$8,600) must now pay the tax before goods are sold to retailers.

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OECD (Jobs Study report)
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Robert Lindley, Director, Institute for Employment Research
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Contact made with Moslem kidnappers

By Alexander Nicoll, Asia Editor

Indian authorities have established indirect contact with the group of Moslem militants holding two Britons in Indian-held Kashmir.

Mr David Housego, a Delhi-based businessman whose 16-year-old son Kim is one of the captives, said yesterday the contact was informal and tentative. He was cautious about rumours circulating in Kashmir of their impending release.

Police believed a doctor had attended to the other captive, Mr David Mackie, 36, a video director, who had a knee injury.

"What the authorities hope is that once they begin to establish contact, they will have a better idea of their location and can begin negotiations," said Mr Housego, a former New Delhi correspondent of the Financial Times who has considerable experience of Kashmir.

It seemed the captors were repeating their demand for three jailed guerrilla leaders to be freed. A note left on Tuesday had sought their release, but the Harkat-ul-Ansar militant group later issued statements saying the kidnappers aimed only to draw attention to human rights abuses in Kashmir.

Speaking by telephone from Srinagar, Mr Housego said the militants seemed likely to take their lead from groups in Pakistan and from Mr Gulbuddin Hekmatyar, the guerrilla leader who is prime minister of Afghanistan. The captors were mostly Pathans.

Mr Housego said statements by the Pakistani government and militant groups based in Pakistan, urging the release of the Britons, had helped.

Mr and Mrs Housego and their son were robbed by gunmen while trekking south-east of Srinagar on Monday. They were taken to a guest house where Mr and Mrs Mackie were being held. During Monday night, their captors abducted Kim Housego and Mr Mackie.

It was thought in Srinagar that Indian troops would seek to avoid intervention by large units, which could alarm the captors into a gun-battle. Earlier this year, an Indian army officer kidnapped by Harkat-ul-Ansar was killed in a shoot-out when the Indian army attacked their hideout.

Mr Housego appealed for the help of Moslem guerrilla leaders in securing the release of the captives. "I do not see how kidnapping a boy of 16 serves the cause of Islam or of Kashmiris," he wrote in a letter to Mr Syed Salahuddin, leader of Kashmir's fundamentalist Hizb-ul-Mujahideen group.

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NEWS: INTERNATIONAL

Keating 'tried to influence Fairfax press'

By Nikki Tait in Sydney

An Australian parliamentary inquiry has found Mr Paul Keating, the country's prime minister, attempted "improperly to influence the political coverage of Fairfax newspapers" by offering Mr Conrad Black, the Canadian media tycoon, "the prospect of increased investment in Fairfax in return for balanced coverage".

It also put forward some strong recommendations regarding the country's Foreign Investment Review Board, which decides whether foreign investment is contrary to the national interest, and the guidelines to which FIRB works.

In particular, it has accused FIRB of being "excessively secretive" and unaccountable, and recommended it be replaced by a new statutory authority, responsible for administering foreign investment policies in "non-key" industry sectors.

In sectors such as the media, the responsibility would fall directly to the Treasurer, who would make decisions on "national interest" grounds, but be required to publish the reasoning for each decision. The Senate committee was set up last year, to study circumstances surrounding Mr Black's acquisition of Fairfax in 1991. Fairfax publishes three of Australia's top daily papers: the Sydney Morning Herald, Melbourne Age and Financial Review.

The company had gone into receivership, triggering a battle for its ownership. This was won by Mr Black's Tourang consortium, though his British-based Telegraph group's holding was initially pegged at 15 per cent. This was lifted to 28 per cent after the 1993 election, which Mr Keating's Labor Party won.

The trigger-points for the inquiry were a disclosure in Mr Black's autobiography that, before the election, Mr Keating said an increase in the Tele-



Keating: trigger-points

graph's holding would be entertained if Fairfax's coverage was "balanced", the prime minister's own admission that he told Mr Black that if he "barracked for the (opposition) coalition, then there's no way you would qualify as the kind of owner we would like", and long-running dissatisfaction with FIRB procedures.

The inquiry's conclusions on the Black-Keating affair was based on a majority opinion, written by five opposition and minor party senators on the nine-person committee. The four Labor Party members of the inquiry dissented, saying the investigation had been a blatant political exercise.

Yesterday, Mr Michael Lavarch, Australia's attorney-general, and one of the small number of senior government figures not overseas at present, also claimed that its conclusions were flawed.

"The finding against the prime minister appears to be based on a jaundiced view of one remark," he said. Mr Keating had declined to appear before the committee. The majority and minority reports suggested changes to foreign investment decisions, to make the process more open, though the latter favoured retaining FIRB. The findings are unlikely to have direct political consequences for Mr Keating.

Japan's past precedes emperor's US visit

Ambiguity over war record surrounds imperial tour, writes William Dawkins

Emperor Akihito of Japan starts his first imperial visit to the US today with a mixture of friendship and sad wartime memories on his mind.

The emperor's 17-day tour will end with a poignant reminder of Japan's ambiguous feelings over its wartime record. In this there is a parallel with Germany's uncomfortable complex over the recent D-Day landing celebrations. For Japan the equivalent will come under the spotlight next year, the 50th anniversary of the end of the Pacific war.

As the Normandy surf erases the tracks of Europe's D-Day celebrations, Emperor Akihito will stop in Hawaii on his way home to lay a wreath at the US national memorial cemetery of the Pacific, the Punch Bowl.

The emperor's gesture, to the sadness of some in Washington, falls short of the Japanese government's original plan for him to visit the USS Arizona memorial in Pearl Harbour, a battleship sunk by the Japanese attack on December 7 1941. That idea was dropped because of fierce objections from Japanese right-wing politicians and commentators, many of whom believe the 1941 attack was unavoidable, maybe even justified.

Officially, the emperor is so mystically elevated that he must get less involved in temporal affairs than his high pro-

file counterparts in the British or Spanish royal families.

So he politely declined last week to comment on whether or not the Pearl Harbour attack could be justified, beyond saying that the war lay heavy on his heart. "It is very important to understand historical truths correctly, but because of my position, I must refrain from touching on this kind of subject," he said.

Yet at the same time, Emperor Akihito has deliberately descended just a little closer to earth than his father, Hirohito, a mark of the gradual evolution of the world's oldest unbroken imperial dynasty.

Emperor Akihito was the first to ascend the Chrysanthemum throne, in 1989, as a human symbol of the state, rather than a god. His father, Hirohito was born the Son of Heaven, but was obliged by the US occupiers after the war to renounce his divinity.

As such, Emperor Akihito appears to be trying to play a subtle, yet emotive role in shaping Japan's attempt publicly to come to terms with its wartime past, the prerequisite for success in its campaign to become a fully fledged member of the international community.

In this, the emperor is in tune with a gathering mood of wartime regret in mainstream Japan, in line with his traditional role of embodying the

national spirit. Former prime minister Mr Morihiro Hosokawa's unprecedentedly explicit apologies over Japan's wartime record and the recent re-writing of school textbooks to include more detail of that record are the latest signs of this.

While feelings of atonement are on the rise, there is certainly no common view on war history. One of the several areas in which fault lines are appearing in Japan's famous consensus.

There is a dangerous nationalist minority, as shown by the recent gun attack against Mr Hosokawa by a right-wing protestor, angered at his wartime apologies. The denial two months ago by a justice minister that an infamous wartime atrocity never happened, damaged Tokyo's increasingly vital Asian relations. The minister resigned, but the suspicions he aroused will be hard to soothe.

To some, the significance of Emperor Akihito's role as a public figure is ambiguous, as shown by the response of Mr Shintaro Ishihara, a right-wing member of the opposition Liberal Democratic party, to the aborted Pearl Harbour visit.

"I have never heard of a US president visiting the memorial hall in Hiroshima," he said, drawing a temporal comparison. Yet Mr Ishihara a moment later elevated Emperor Akihito to semi-divin-



Akihito plants rice: annual temporal duty for mystical figure

ity. "The emperor is the only priest king in the world. I think it is good for the emperor to be mystical. If the emperor is not mystical, he will no longer be eternal," he argues.

The emperor has in the first five years of his reign worked

hard to contribute, as a globe trotting ambassador, to Japan's temporal interests. He has already visited the US twice in his official capacity as Crown Prince. His father made the trip once.

Two years ago, Emperor Akihito became the first Japanese emperor to visit China, so helping to clear the way for closer economic and diplomatic links. At the time, he pleased the Chinese government by saying he "deeply deplored" the suffering caused during the Japanese occupation. He stopped short of apologising.

Earlier this year, Emperor Akihito and Empress Michiko paid the first imperial visit to the war memorial of Iwo Jima, a small Pacific island where many thousands of US and Japanese were killed. He carefully referred, at the time, to the dead of both sides.

Akihito hopes that the US visit will, as the one to China did, bring closer ties. Of course he refrains from noting that his US tour is most timely, just as a growing number of senior Tokyo government officials are getting anxious that the strain in trade relations might spill over into political and security relations.

Accordingly, the imperial couple have accepted a punishing schedule, including 11 cities, starting in Atlanta today. They proceed to Washington tomorrow, where they will be the guests of honour on Monday at the first full state dinner of Bill Clinton's presidency, a protocol compliment that will not be lost on Japan's humble emperor.

China stands firm against N Korean sanctions

By Tony Walker in Beijing and Reuters in Kiev

China yesterday again rejected efforts by South Korea to persuade it to support sanctions against the north because of Pyongyang's refusal to open its nuclear sites to inspection.

At the same time Mr Kim Jong-nam, North Korea's foreign minister, threatened the south with devastation if war broke out between the two countries.

"They should remember that if they blindly follow the policies of the

United States as to sanctions and finally start a war, then in the end South Korea will be devastated," Mr Kim told Reuters at the end of a visit to Ukraine. "We have the strength to protect ourselves from sanctions and it is unbelievably powerful... I would like to peacefully advise those who want to start a war in Korea," he said.

In Beijing, Mr Shen Guofang, Chinese Foreign Ministry spokesman, said "sanctions would only serve to push the opposing sides into confrontation with one another and result in a situation no one would like to see".

The foreign ministry official was speaking just hours after Mr Han Sung-joo, South Korea's foreign minister, visited Beijing seeking Chinese co-operation in a sanctions threat against Pyongyang.

China, as a permanent member of the United Nations Security Council, has veto power over a sanctions resolution. Beijing is arguing more time is needed for dialogue, but recognises that time is running short.

China has been sending mixed signals on the North Korean issue. At the weekend, a Beijing-funded Hong

Kong newspaper raised the spectre of sanctions in a prominent article unlikely to have been published without official encouragement.

But in Beijing this week, Chinese officials have been at pains to emphasise the importance of relations with Pyongyang. President Jiang Zemin told the visiting North Korean Chief of Army General Staff that strengthening Sino-Korean relations was China's "firm policy".

Western officials say China is engaged in a delicate manoeuvre aimed at defusing the crisis over

North Korea's apparent diversion of weapons-grade plutonium and preserving its relationship with its neighbour and Korean-war partner.

The US, supported by South Korea and Japan, plans to ask the Security Council to approve a programme of phased sanctions to force North Korea to comply with international demands for access to its reactors and waste storage areas.

Beijing fears sanctions would further isolate North Korea and make its reclusive regime even less predictable.

Two thirds of
the globe
is covered by
water.

The rest is
covered by
The
Economist.

Call for independent Bank of England

By Philip Coggan,
Economics Correspondent

The incoming deputy managing director of the International Monetary Fund, Mr Stanley Fischer, has called for the Bank of England to be given independence.

In a paper prepared for the Bank's tercentenary, Mr Fischer concludes: "On her 300th birthday, it is time for the Old Lady of Threadneedle Street, the bank, to be allowed to take on the responsibilities of independence." Last month, it was announced that Mr Fischer, an economist at the Massachusetts Institute of Technology, would replace Mr Richard Edey as the IMF's deputy managing director.

In a long paper, Mr Fischer points to empirical studies which have shown that countries with independent central banks have been more successful at controlling inflation. "The relationship between inflation and central bank independence is attributable mainly to the central bank's ability to use its policy instruments freely and to the presence of a price stability goal."

Mr Fischer suggests that the Bank's mandate should be to achieve price stability "by which is meant a low - 1 per cent to 3 per cent - average rate of inflation." Qualifications to the mandate should be included to allow the Bank to take account of the long-term trade-off between inflation and unemployment.

The Bank governor should be made responsible for meeting the targets and should testify in public twice a year to a House of Commons committee. Mr Fischer argues that the



John Major described inflation as "a form of theft practised by government on the people" yesterday at a symposium to celebrate the Bank of England's 300th anniversary. Eddie George, governor of the Bank, (left) was bolstered by a report arguing for the Bank to be given independence

government should have the right to overrule the Bank, but only by a public directive, along the lines of the Canadian system. However, such a public move might lead to the governor's resignation.

Proposals to make the Bank of England independent have been backed by former chancellors, Mr Nigel, now Lord

Lawson and Mr Norman Lamont. Mr Eddie George, governor of the Bank of England, has argued that granting independence to the Bank would be the most likely way of achieving long-term sustainable growth with low inflation, but this could only happen if there was a public consensus on the need for independence.

Industry chief warns on wage inflation

By Lisa Wood,
Labour Staff

One of the most strongly worded warnings about the potential danger to recovery from wage inflation was delivered yesterday by Sir Bryan Nicholson, president of the Confederation of British Industry employers' association.

"We have a bleak history of making competitive gains and then throwing them away needlessly. I am determined that this time, we shall not snatch defeat from the jaws of victory," he told West Midlands businessmen.

Sir Bryan highlighted sustainable non-inflationary growth as one of the three major priorities during his two-year term as CBI president. Others were improving the competitiveness of industry and the creation of a deregulated business-friendly Europe. He singled out the City as needing particular restraint over inflationary pay deals.

Recent labour market statistics had disturbed his peace of mind. "Thanks to growth in average earnings in manufacturing of 4.75 per cent over the year to March and slower productivity growth of just 2.6 per cent, unit labour costs in manufacturing are increasing again at two per cent a year. That would have been a very respectable performance just a few years ago."

"But our competitors have regrouped and are achieving better results which we must match. Unit labour costs are now falling by 2 per cent a year in Germany and 3 per cent in the US."

Mass-market route for cruises

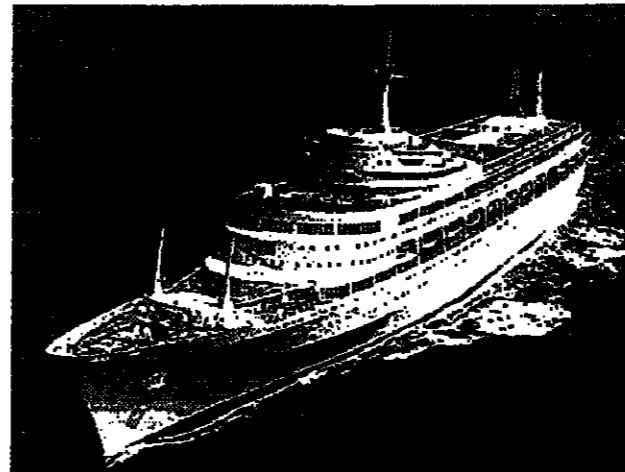
By Michael Skapinker, Leisure
Industries Correspondent

The cruise industry, a traditional preserve of the rich and retired, yesterday declared itself open to the mass market when P&O Cruises cut its 1995 prices - in some cases to below their 1989 levels.

Next Wednesday, Airtours, the determinedly mass-market package tour operator, announces plans for its first cruise ship which will begin sailing in 1995. Airtours yesterday pledged to "revolutionise the market" with its prices. Mr Hugh Collinson, managing director, said: "You've seen nothing yet. This is a different end of the market to where cruising has been before."

P&O says the UK cruise market is growing at twice the rate of the overall foreign holiday market. Mr David Dingle, P&O Cruises marketing director, forecasts the number of UK cruise customers will grow from the current 250,000 a year to 700,000 by the year 2000.

P&O's price reductions have



The Canberra: P&O will be offering cruises at pre-1989 prices

been made possible by the planned launch next April of Oriana, its new £300m cruise liner, which is being built in Germany. The introduction of the Oriana, which will carry nearly 2,000 passengers, will allow P&O to offer cheaper cruises on its older ships, the Canberra and the Sea Princess.

The Canberra will offer nine-

day cruises next year from £575 - £10 cheaper than in 1989. A 12-day Mediterranean cruise for two adults and two teenage children will cost £2,877, which is £540 cheaper than this year.

Airtours announced last April that it was buying a 782-berth ship from Kloster Cruise of Norway for £18m, including refurbishment costs. The ship

will offer Mediterranean and Canary Island cruises.

Mr Dingle said P&O's price reductions were planned before Airtours announced its purchase. He said P&O welcomed Airtours' cruising debut. "What Airtours are good at is talking to a slightly younger, more down-market group of customers. They will put cruising in people's minds." Mr Collinson countered: "I don't think we should confuse the new cruise market with a poor, down-beat product."

The cruise industry says the traditional view of cruising as being over-priced and for the elderly is already out of date. But Mr Peter Shanks, commercial director of Thomas Cook, which claims to be the UK's biggest cruise retailer, said he has customers who have been booking the same cabin on the Canberra for 25 years.

Mr Shanks said that the UK market had enormous scope for growth. Cruises represent only 2.7 per cent of overseas holidays from the UK. In the US, the figure is 60 per cent.

Channel rail link shortlist soon

By Andrew Taylor,
Construction Correspondent

The names of the consortia shortlisted to bid for the £2.7bn high-speed rail link between London and the Channel tunnel are expected to be announced in the next few days.

Officials yesterday were still negotiating over the membership of some of the consortia but the chosen bids, barring any last minute hitches, are expected to include:

● EuroRail, the only all-British bid involving a joint ven-

ture between BICC, Trafalgar House and GEC. The bid is supported by bankers NatWest and HongKong and Shanghai Banking Corporation.

● London & Continental Railways involving UK consulting engineers Ove Arup and Sir William Halcrow, Bechtel, the large US construction group; Sofrerail French consultants; National Express the UK coach company and UK cement group Blue Circle.

● A consortium led by Hochtief, a German construction group supported by Costain a UK construction and engineer-

ing group; Nishimatsu Construction of Japan; Siemens and Siemens Transport Systems of Germany and Westinghouse, the large US engineering group.

It was unclear last night whether a fourth consortium involving UK construction companies John Mowlem and Taylor Woodrow and Philipp Holzmann a German construction company would also be included on the shortlist. This consortium includes Transurb Consultants of Belgium and WS Atkins, the UK consulting engineers.

The contract to build and run the 69-mile link will combine private and public-sector finance under the government's private finance initiative. The contract is expected to be awarded early next year. The size of the public sector contribution is likely to be an important factor in determining the winning bid.

The scale of the contract, together with the lack of domestic expertise in operating privately financed large transport systems, has attracted wide international interest in the project.

Britain in brief



Home Office accused over asylum-seekers

The Home Office has been accused of covering up injuries sustained by detainees during a riot at a detention centre for people seeking political asylum last Sunday night.

The Oxford-based Campaign to Close Campfields (the centre near Oxford) said it had evidence to show that "at least eight people" were removed in four ambulances plus an "unknown number" in three more. The Home Office said only four people were injured. After the riot the government said the trouble had been stirred by demonstrators outside the fence.

Mr Bill MacKeith, president of Oxford Trade Union Council, said the riot had been provoked by "the removal, without warning or justification" of an Algerian citizen for summary deportation the next day from Gatwick.

Tax office errors soar

Half a million UK taxpayers received incorrect assessments because of Inland Revenue errors last year, according to a highly critical National Audit Office report.

Ten per cent of self-employed and 7 per cent of those use the pay-as-you-earn system were the victims of Inland Revenue miscalculations, the findings revealed. The also highlighted that the Revenue was failing to meet its own published targets to reply to taxpayers' queries within 28 days.

The disclosures come as taxpayers are preparing to submit annual tax returns which must be completed by the end of October to avoid incurring penalties.

The report shows that about 3.2m of the 5m income tax payers who receive assessments have the demand revised at least once each year because the Revenue is attempting to levy too much tax. The report notes that errors are as likely to be discovered by taxpayers or their advisers as they are by Revenue officials.

BBC threatens action on strike

The BBC has decided to take disciplinary action against staff if programmes continue to be disrupted by strikes next week. The corporation said it would also run a management-led broadcasting service with the possible

use of freelance labour.

The decision was taken on the eve of yesterday's second 24-hour strike. The coverage of polling in the European elections and in five UK by-elections was affected by the disruption, as were World Service programmes.

The dispute is over the introduction of new performance-related pay proposals and an element of decentralised bargaining on conditions at the BBC. Unions will announce today how they plan to disrupt Sunday's broadcasts.

If Sunday's dispute goes ahead, then all BBC staff will receive a letter at home on Monday morning warning them that the management will start suspending staff if further action is taken. Such action is currently planned for next Tuesday and Friday.

Performance pay resisted

Two of the most powerful health service unions will meet next week to discuss a joint campaign against the introduction of performance-related pay, the annual consultants' conference of the British Medical Association was told yesterday. The BMA, which represents 80,000 doctors and surgeons, will join the 800,000-strong Royal College of Nursing in opposing the plans, which the BMA said were "so dangerous, that it is our duty to strongly resist them".

Easing of drug laws ruled out

Mr Michael Howard has ruled out the legalisation of any banned drug on the grounds that such a move would lead to a rise in addiction.

The home secretary told a police conference that the maintenance of international solidarity against drug misuse was vital. He also ruled out the decriminalisation of drugs. To not enforce certain laws while leaving them on the statute books risked bringing "the whole of the criminal law into disrepute," he said.

His remarks came just a day after both Mr Raymond Kendall, secretary general of Interpol, and Mr Keith Hellawell, chief constable of West Yorkshire police, backed decriminalisation as a means of tackling the drug problem.

German fund buys City HQ

The UK headquarters of Touche Ross, the accountancy firm, has been sold by PostTel, the UK's largest pension fund, to Despa Fonds, a German fund for 165.7m, reflecting an initial yield of 7.5 per cent. The acquisition of the 170,000 sq ft Hill House in the City of London is the first overseas purchase by Despa Fonds, which is one of the largest German investment funds.

Industrial research boost

University research which is directly relevant to commerce and industry is to receive more funding, under new government plans.

The quangos which control funding for universities said they wanted to address complaints by employers that funding was skewed towards academic research. Requirements that university departments submit only published academic research will be dropped. Now patents, and the results of industrial research undertaken for companies, will be judged on the same basis.

London link hopes revived

London Transport, a backer of the £2bn CrossRail project to build an underground rail link between east and west London, said it was confident the venture could be revived. CrossRail was rejected last month by the parliamentary committee studying the proposal under the Commons private bill procedure. London Transport, co-proponent of the six-mile link with British Rail, believes it will find enough backing in parliament for a motion to send the proposal back to the committee.

Milk jobs cut

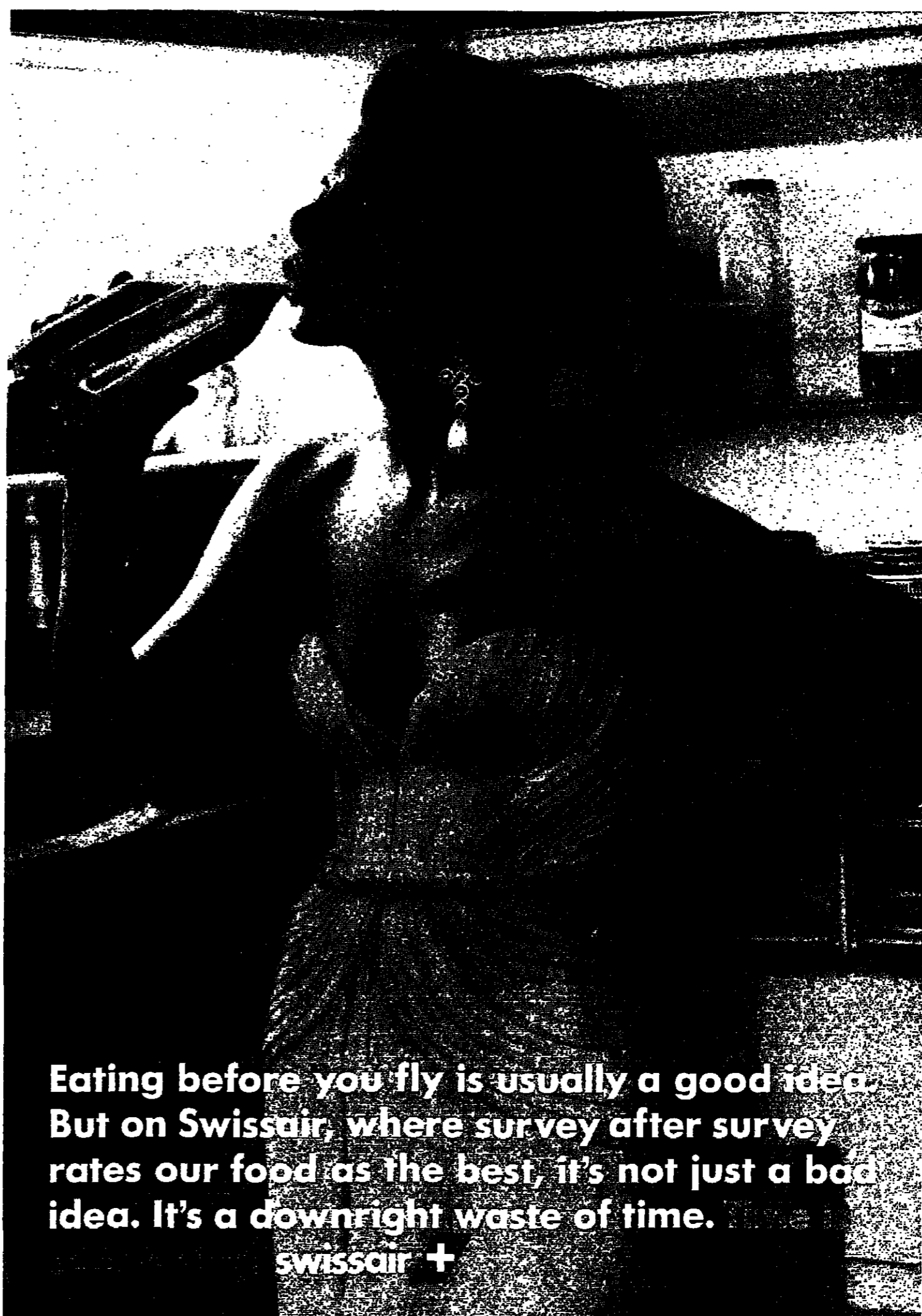
Dairy Crest, the milk processing and dairy products arm of the Milk Marketing Board, plans to cut 12.5 per cent of its workforce or 600 jobs by the end of the year in response to increasingly competitive market conditions. Dairy Crest is being spun off from the milk board when Britain's 23.3bn milk market is liberalised on November 1.

Bootlegger jailed

A truck driver who admitted six charges of cross-Channel bootlegging has been jailed for 150 days. Magistrates heard that Peter Roberts, 41, had brought in "a very large quantity" of wine, spirits, beer, tobacco and cigarettes by ferry on a number of occasions. He cheated Customs out of more than £10,000.

Record for French ewers

A pair of Louis XVI ornate-mounted Chinese porcelain ewers supplied to Marie-Antoinette for the Cabinet Intérieur de la Reine at Versailles fetched £1,046,500 at Christie's yesterday, a record for any French decorative work of art. The auction of French art raised a total of £5,143,420 with 96 per cent sold.



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TECHNOLOGY

Increasingly sophisticated aircraft simulators are becoming more like the real thing, reports Bernard Simon

Flights of fancy put safety first



Happy landings: pilots use CAE Electronics' Boeing 777 flight simulator to arrive at and depart from the world's airports without leaving the ground

Flying conditions around Seattle were far from ideal on the last day of May. The area was blanketed with snow and a strong wind was gusting as the pilot lined up his Boeing 777 for a tricky landing at the aircraft maker's airfield on the outskirts of the city.

The aircraft descended steadily towards the parallel beads of runway lights blinking in the distance. But just before touchdown, green-grey patches of ice became visible on the tarmac. Some of the aircraft's tyres failed to grip the surface. The nose lurched from side to side as the pilot struggled to bring the aircraft to an unsteady stop.

This story has some obvious flaws. The chances of finding snow in Seattle on May 31 are almost zero. What is more, the twin-engine Boeing 777 has yet to fly. Its maiden flight is expected to take place within the next few days, with customer deliveries due to start only in May 1995. But Boeing's test-pilots have been notching up flying hours on the 777 for the past six months thanks to a simulator at CAE Electronics' factory in Montreal.

Without leaving the ground, the pilots have flown in and out of airports around the world, experiencing the sights, sounds and turbulence of snowstorms, thunderstorms, air pockets and almost every other flying condition.

CAE Electronics, a division of CAE of Toronto, claims a 50 per cent share of the world market for aircraft simulators, including 10 of the 13 orders placed so far for Boeing 777 devices. The other three 777 orders have gone to CAE's main rival, Rediffusion, a UK-based division of Thomson, the French electronics group.

Like the aircraft they reproduce, simulators have grown increasingly sophisticated. Pilots' experience on a simulator now helps decide which systems and instruments are installed in a new aircraft. "We

fly our simulators before Boeing flies its planes," says Adrian Gale, CAE Electronics' marketing director. "We'll pick up bugs on an avionics sweep before Boeing does."

But the technological advances have one drawback: as the simulator experience gets closer to the real thing, so does its price. One of CAE's full-flight simulators currently costs about C\$15m (\$7.2m) to \$20m.

As a result, airlines are turning to simplified versions, known as flight training

devices (FTDs). These recreate specific parts of an aircraft's system without the fills and thrills of a real flight. For instance, maintenance system trainers, comprising little more than two chairs, two computer screens and a console, reproduce only those instruments needed for engineers to diagnose an aircraft's inner workings from the cockpit.

Full-flight simulators, which look like windowless space capsules, do much more than reproduce an aircraft's cockpit and instruments. Hydraulic-

ly-powered struts which form the base of the simulator can propel the bulbous module in six directions, including a pitch and roll of up to 30°.

Simulator makers go to extraordinary lengths to make flights on their machines as close to the real thing as possible. One of CAE's helicopter simulators is fitted with a shaking pilot's seat as well as the normal banking, pitching and rolling mechanisms. By pumping air into cushions behind and underneath a fighter pilot's seat, CAE mim-

ics the G-forces felt in steep climbs and tight turns. Take-offs and landings feature appropriate real-time bumps and engine sounds.

The biggest advance in recent years, however, has been in the computer-generated visual systems which project images of airports, landmarks, scenery and weather conditions likely to be encountered during a flight.

The latest version of CAE's Maxvue visual system, installed in the 777, has five separate channels giving a

total horizontal field of vision of 210° and a vertical field of 40°. The pilot and co-pilot can thus see true-to-life images out of all the cockpit windows. When taxiing, for instance, they can see another aircraft approaching from the side. The vertical view allows them to see slightly above and below the plane, which is especially useful in banking manoeuvres. CAE has fitted its helicopter simulators with two extra channels to give a straight-down view.

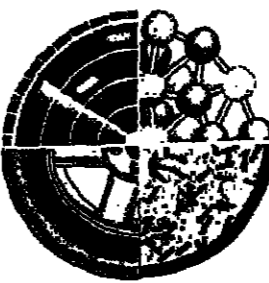
CAE has developed visual-system databases for almost 40 airports around the world. Each one, taking up 5 gigabytes of disk storage, reproduces the topography and landmarks within a 15-mile radius of the airport and, in much greater detail, its runways and terminal buildings.

The database is compiled from digitised satellite and aerial photos and maps. These are augmented with on-the-spot observations by the software experts who design the system and suggestions from the pilots who will use it. Few details have been forgotten. The wind sock at the end of the runway in Hong Kong billows in the same direction as the wind registered on the cockpit instruments. The rotors of a hovering helicopter churn up the sea below.

But computer-generated scenery has its limitations. CAE has yet to master three-dimensional imaging, and the sharpness of the pictures does not match the human eye. Although the number of polygons (or shapes) which can be fitted on each channel has jumped from 1,000 to about 5,500 in the past three or four years, this is still not enough to cover every detail.

Customers thus have to make choices. The criterion, often a subjective one, is what is of most importance to the pilot. As the Boeing 777 descends over Seattle, the city's Space Needle tower and the main highways are clearly visible from the cockpit. But there are no cars on the roads. The scene may be surreal, but it is a comforting reminder that no matter how bad the weather conditions outside, this flight will be landing safely.

Worth Watching · Clive Cookson



Rich pickings in rare elements

Rare earth elements have always been at the obscure end of the chemicals industry. They are expensive to produce and have few discernable large-scale applications. But French company Rhône-Poulenc, which has long championed their use, has developed a rare earth compound, cerium sulphide, as a pigment for plastics, Daniel Green writes.

The three-year development programme was aimed at finding an alternative to cadmium sulphide, which is tainted by concerns over the toxicity of cadmium. The company is using cerium because the sulphide, like that for cadmium, is red. In various mixtures it can be made to show a variety of shades from orange to crimson. Rhône-Poulenc, France, 1 47 68 10 74.

Consensus at the Science Museum

The general public normally plays little part in the development of science and technology policy. In an attempt to show that lay people can become more involved, the Science Museum in London is organising a Consensus Conference, in which a panel of non-scientists will produce a report on the future of plant biotechnology.

Over the next two months, the museum will select 16 people with the widest possible range of professional and social

backgrounds, by advertising through local newspapers and radio stations. The panel will meet over two weekends, to define the issues and debate the risks and benefits of using plants in new ways in agriculture, food, industry and medicine. Then, at the conference itself in November, it will cross-question expert witnesses and hold a public debate, before preparing the final Consensus Report.

The concept of a lay consensus conference originated in the US and has been developed further in the Netherlands and Denmark. The Biotechnology Research Council, which is funding the Science Museum conference, says it will be the first UK example. Science Museum: UK, 071 933 3241.

Low prices for colour LCDs

Buyers of notebook computers now expect colour liquid crystal displays. The leading technology - active Thin Film Transistor (TFT) - gives excellent performance but at a high price: TFT displays cost at least \$1,200 (\$200) each, even when ordered in large numbers. Electronics companies are therefore racing to develop cheaper LCDs without sacrificing too much contrast and speed.

Hitachi of Japan has a range of new displays, based on the passive Super Twisted Nematic technology used conventionally for monochrome LCDs. Their contrast ratio is only 25:1, compared with almost 100:1 for TFT, and their response time is 0.27 sec rather than 0.05 sec. But the company says this performance is more than adequate for applications where a low price is paramount. Hitachi's new displays cost about \$600 each for bulk orders. Hitachi, Japan, 03 3212 1111.

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Census on CD-Rom

To those who fill out the forms, censuses are a chore. To those processing the information, they are a rich source of information about how people live and work.

But to commercial users of the data, the 10-yearly census counts can be an aid to higher profits and lower costs. Supermarkets can work out where to put new branches, companies can assess which areas should produce the best response to direct marketing campaigns and public authorities can decide where to site hospitals, old people's homes or council housing.

"It's a big market place," says Susan Squires, product development director of Cap-

scan, a London-based company specialising in address and census data. Advances in computer power mean census data can now be used more comprehensively and rapidly than before.

Next week, Capscan launches a CD-Rom containing all the 1991 statistics, broken down into about 150,000 small areas (each containing 200 households).

By compressing the data, Capscan can make available this information, which was stored on 200 magnetic tapes. It takes account of 9,000 variables, derived from cross-referencing answers to questions on such matters as accommodation, family, cars and occupational status; they show how

each area breaks down demographically.

The data excludes names, addresses or incomes, and the published information is altered minutely to prevent identification. Even so, it is a potential gold-mine for businesses wanting to know more about their market place. Capscan's CD-Rom, called Canario, allows users to obtain easy access to this data on desktop computers and link it to maps and postcodes.

"Our objective is to demystify access to the census," says Squires. The CD costs £2,000 but Capscan charges extra for data beyond the first of its three access levels.

Andrew Fisher

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Polls show the public to be hypocritical and contradictory in their opinions.

In that possibly portentous BBC mini-series *To Play the King*, the fictional Prime Minister's rather-too-sexy "adviser" pointed out that by subtle wording of opinion-poll questions, one could always obtain the results one wanted.

Managers increasingly commission climate and culture surveys that require employees to agree or disagree with various statements about their perception of the company. Can these questions be skillfully worded to give the answers they want to hear? And how do employees react when they can "see through" the motives of the questionnaire and don't agree with its point of view?

Consider opinion polls about tax. Almost everyone believes they are being overtaxed and that taxation should be reduced; but at the same time everyone wants more money spent on health, education and crime prevention.

One could argue that these ideas are not incompatible. For instance, the government could increase indirect taxation as opposed to income tax, to raise revenue while leaving people more discretion to spend as they wish.

Or one could argue that "the rich" should be heavily taxed, but not mislead. This "politics-of-envy" thinking is very popular in Britain because whoever you are, you never include yourself among those to be taxed more highly.

But also the great British public - or any public for that matter - are not so sophisticated. Various studies have shown that in opinion surveys people are contradictory. For example, an American polling company reported that 63 per cent of people agreed with the view that: "When 12,000 air-traffic controllers are willing to sacrifice their careers and economic security, and even go to jail, there must be some legitimate reasons for going on strike".

The same poll found that 69 per cent supported the opinion that: "Since every air-traffic controller took an oath not to strike, President Reagan was right to fire them." Obviously, a lot of people must have agreed with both statements, revealing nothing about whether they supported the strike.

The writing of opinion items, then, is itself highly political and it is not good science. So some psychologists have cast about for other approaches. One solution was to reduce the item down to

Catch-phrases are the best clue to what people really think, says Adrian Furnham

A better type of opinion survey

its central core, adopting a familiar catch-phrase to represent the issue, and reserving all evaluation for the response alternatives. The formula "X is a good/bad thing considering Y and Z" (agree or disagree) was replaced by the simpler formula: "X (good or bad?)". This, they believed, would tap immediate emotional reactions to controversial issues, and would be closer to actual behavioural dispositions.

The technique is to abandon the propositional form of an item, and instead simply present a list of brief labels or "catch-phrases" representing various familiar and controversial issues.

It is assumed that, in the course of previous conversation and argument concerning these issues, the respondent has already placed himself/herself in relation to the general population, and is able to indicate his/her "position" immediately and simply.

It is easy to demonstrate. Ask a group to write 5,000-word essays on capital punishment and have two judges to assess whether they are, on balance, "for", "uncertain", or "against". And ask the essay-writer also to complete the catchphrase poll. The results are nearly identical, saving time and effort in the lengthier approach. The former demands that the interviewee provide instant appraisal of complex and authoritatively worded statements

of opinion: the latter is believed to tap immediate emotional reactions to controversial issues and is closer to actual behavioural dispositions.

Furthermore, this technique overcomes many of the problems of grammatical confusion and social desirability. Why not try it and see if I have constructed a simple economic beliefs scale.

Which of the following do you favour or believe in? Circle Yes or No. If absolutely uncertain, circle the question mark. There are no right or wrong answers. Do not discuss them: just give your first reaction.

- 1 Nationalisation. YES NO ?
- 2 Self-sufficiency. YES NO ?
- 3 Socialism. YES NO ?
- 4 Free market. YES NO ?
- 5 Trade unions. YES NO ?
- 6 Saving. YES NO ?
- 7 Closed shops. YES NO ?
- 8 Monetarism. YES NO ?
- 9 Import controls. YES NO ?
- 10 Privatisation. YES NO ?
- 11 Strikes. YES NO ?
- 12 Informal black economy. YES NO ?
- 13 Inheritance tax. YES NO ?
- 14 Insurance schemes. YES NO ?
- 15 Council housing. YES NO ?
- 16 Private schools. YES NO ?
- 17 Child benefits. YES NO ?
- 18 Profit. YES NO ?
- 19 Wealth tax. YES NO ?
- 20 Public spending cuts. YES NO ?

Scoring: Odd items score Yes (3) ? (2) No (1). Even items score Yes (1) ? (2) No (3). Score 51 to 70 - you are what my father would call a "dangerous pinko".

Score 20 to 30 - you are what my students would call an "economic fascist".

Score 31 to 40 - you are probably a member of the entrepreneurial neo-right.

Score 41 to 50 - you are probably a supporter of the new post-Thatcher Labour party.

Pedants, pollsters and politicians would probably object to this method. But pundits and the public would welcome it because of its simplicity. Opinion polling is not "rocket-science", but it is a lot better than reading the tea-leaves, or worse, horoscopes. They do have their uses and much of the media are addicted to them. The catchphrase method may indeed be superior to and simpler than our more established methods.

The author is professor of psychology at University College London.

"By the time the Americans, British and French arrived [in Berlin in July 1945] more than 90 per cent of Berlin's heavy industry had been spirited away [to Russia]. Ironically, this eventually worked in favour of west Berlin's industries; when they came to start up again, they all had to be re-equipped with modern, brand-new machinery."

- Berlin: The Biography of a City, by Anthony Read and David Fisher.

Nearly 50 years later, eastern Germany is going through a similar experience. But, in place of the devastation of war, investors face an uncompetitive and often obsolete industrial base, whose markets were dependent on eastern Europe and the former Soviet Union.

The chemicals group BASF, the optical business Jenoptik, and the electronics company Siemens have risen to this awesome management challenge.

All have been attracted by generous investment grants or subsidies from the eastern German states, all have parent companies willing to invest in the long term, and all found a skilled and adaptable work force in eastern Germany. But, despite these similarities, the three companies have gone about their investments in very different ways.

BASF bought a plant direct from the Treuhänder privatisation agency, and is investing DM1.3bn (£520m) in the enterprise at Schwarzhof, in the eastern state of Brandenburg.

Jenoptik, one part of the Carl Zeiss optical enterprise, and still under the state of Thuringia, has razed all the old buildings at Jena in the south of the old east Germany and is starting afresh with a DM2.6bn modernisation programme.

Meanwhile, Siemens bought a greenfield site last December and this week began work on its new plant, part of what will ultimately be a DM2.7bn investment. BASF's advantage was that the old Kombinat SYS chemicals plant was in relatively good condition and had a sound infrastructure. "It has direct links to a natural gas network, so energy costs are low; it has an excellent sewage plant - one of the few modern ones in the former GDR; and it is located on the main motorway, less than one and a half hours from Berlin," says Hans-Hermann Dehmelt, BASF's chairman in Schwarzhof.

BASF was also attracted by a looser regulatory climate and faster decision-making structure than in the west of the country. Furthermore, it acquired more capacity. "It is very difficult to obtain this kind of space - 240ha - in western Germany, let alone acquiring the planning permission and regulations," Dehmelt explained. The government of Brandenburg granted planning permission within two months. "It



Rapid transformation: Jenoptik's original plant in the south of old east Germany and (right) its rebuilt headquarters

Fresh beginning beyond the Elbe

Judy Dempsey examines the methods used by three companies investing in eastern Germany

would normally have taken about 18 months in west Germany," says Marc Vogel, BASF's spokesman at Schwarzhof.

By early this year, BASF had already invested DM800m, of which DM200m was spent installing several new production lines. These included a water-borne coatings line, a non-solvent product spread over paint used primarily by the car industry.

Nearly four years since acquiring Schwarzhof, Dehmelt reflects on the decision to invest in eastern Germany. "I think productivity is still too low," he says. On some lines productivity is about 60 per cent of west German levels, partly because of the recession, and also because BASF is committed to employing 2,150 full-time staff, 300 apprentices and 1,000 subcontractors. Officials at the plant reckon they need just 2,150.

At Jena, before 1989, 30,000 people worked in the Carl Zeiss plant, which had run up losses of more than DM1bn. Today, the Jenoptik workforce has been cut to 1,250 employees after a programme of early retirement, redundancy payments, and financial support for would-be small entrepreneurs.

In the past two years Uwe Reinert, a consultant from Hanover

and now manager of Jenoptik, has transformed the company from an outdated defence-based enterprise to one based on four production lines. These include a microfabrication division, providing high-performance equipment for microsystems engineering and semiconductor fabrication; medical engineering; environmental engineering; and automation engineering, which provides optical equipment for quality control and inspection.

Reinert then set about providing self-contained and small micro-chip units to companies that do not have their own chip production facilities.

Siemens, meanwhile, needed no introduction to eastern Germany. Since unification, it has set up 11 production plants and service facilities, employing more than 16,000 people throughout the five eastern states.

But it wanted production and research under one roof. Eastern Germany's capacity and reservoir of skilled electronic engineers made it a suitable location.

Last December the company announced its decision to invest DM2.4bn in building a microchip factory in Dresden on a greenfield site. Scheduled to be on line by 1996, it will manufacture 64-megabit

and 256-megabit memory chips. Volkmar Matthaeus, finance director of Siemens semiconductor group, says there was a need to establish a core development centre in Germany itself. "Through this operation in Dresden, we will be able to carry out joint research projects [with other companies], some of which will be funded by the German government," he explains.

Siemens could have gone to eastern Europe, or south-east Asia, where labour costs are cheaper. But Matthaeus says the company chose the eastern German route for several reasons. "In eastern Europe, you need investment partners, regional funding, and an environment in which your partners are prepared to invest with you. These conditions, at least for us, do not exist," he explains. That view is shared by BASF and Jenoptik.

As for south-east Asia, there are some logistical disadvantages. "Any product re-imported by us into the European Union incurs a 14 per cent tax. That's a significant amount. Also, the computer industry costs money. You can find cheaper labour in the region but you have to build an infrastructure in a quality-minded environment," he adds.

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For further information contact the Joint Administrative Receiver, Howard Evans, KPMG Peat Marwick, 37 Hills Road, Cambridge CB2 1XL. Tel: 0223 66692, Fax: 0223 460701.

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For further information and an appointment to view, contact Ian Rankin or Derek Forsyth at Coopers & Lybrand, Kinross House, 209 West George Street, Glasgow G2 2LW. Telephone: (041) 248 2844.

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LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE IN ENGLAND
CRANLEY DIVISION

IN THE MATTER OF NRG VICTORY REINSURANCE LIMITED

and

IN THE MATTER OF EMPLOYERS REASSURANCE LIMITED

and

IN THE MATTER OF THE INSURANCE COMPANIES ACT 1962

NOTICE IS HEREBY GIVEN that a Petition was on the 24th day of May 1994 presented to Her Majesty's High Court of Justice by the above named NRG Victory Reinsurance Limited (hereinafter called "NRG") for:

- The Sequestration under Section 49 of the Insurance Companies Act 1962 of a scheme providing for the transfer to the above named Employers Reinsurance Limited (hereinafter called "ERL") of the long term reinsurance business carried on by NRG in the United Kingdom (but not including business carried on through NRG's branch in Singapore); and
- An Order making ancillary provision in connection with the said transfer under Section 50 of the said Act. Copies of the Petition, the Scheme, reports by the Appointed Actuary of NRG and the Appointed Actuary of ERL, and a report by an Independent Actuary in pursuance of the said Section 49 may be inspected at the office of NRG at 200 Aldersgate Street, London EC1A 4JF and at the offices of the Appointed Actuary of ERL at 78 Fleet Street, London EC4A 3DF and at the offices of the Independent Actuary at 200 Aldersgate Street, London EC1A 4JF and at the offices of the Appointed Actuary of NRG at 200 Aldersgate Street, London EC1A 4JF.

The Petition is directed to be heard before a Judge of the Chancery Division at the Royal Courts of Justice, The Strand, London WC2A 2LL, on Monday the 18th day of July 1994 and any person, including any employee of the said companies who claims to be adversely affected by the Scheme may appear at the time of hearing in person or by Counsel. Any person who intends to oppose the Scheme and any policyholder of the said companies who claims to be adversely affected by the Scheme should give not less than 7 clear days' notice in writing of such intention or dissent and the reasons therefor to the solicitors named below.

Copies of the documents specified above will be furnished by each solicitor to any person requiring them prior to an Order sanctioning the Scheme.

Dated the 27th day of May 1994

Clifford Chance

200 Aldersgate Street, London EC1A 4JF

Solicitors for NRG Victory Reinsurance Limited

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BUSINESSES FOR SALE

STATE PROPERTY AGENCY

CALL FOR TENDERS

The State Property Agency announces a one-round, public tender to sell the state-owned shares in the INVESTOR Holding Részvénytársaság (INVESTOR Holding Co. Ltd.).

We inform the interested parties that the issued capital of the INVESTOR Holding Rt. is HUF 2,925,000,000, of which the Caller will sell 23 per cent. Bids can be submitted for a block of shares in the par value of HUF 672,000,000 which represents 23 per cent of the issued capital.

The block of shares can be purchased for cash, compensation notes and using E-credit.

The bids have to be forwarded to the given address in five copies in a sealed envelope without naming the sender and with the original copy indicated.

The bidders have to undertake to keep their bids valid for 90 days.

The deadline of submitting the bids is July 27, 1994, from 12.00 to 14.00.

The bids have to be submitted at the State Property Agency, room 804. (1133 Budapest, Pozsonyi út 56.).

The State Property Agency reserves the right to qualify the tender as invalid.

The condition of submitting the bids is the purchase of the tender material, which also includes the detailed Call for Tenders, for HUF 30,000, at the Secretariat of the Directorate of the INVESTOR Holding Rt. (Budapest, XIII. Pannónia u. 11.) or at the Customer Service Office of the State Property Agency (Budapest, XIII. Pozsonyi út 56.), on working days, after signing a statement of secrecy.

Further information is available at the INVESTOR Holding Rt., at the Secretariat of dr. Gábor Boér, deputy general director (Budapest XIII. Pannónia u. 11.), phone: 36/1/-112-9460., -132-6770, -132-9560.

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LEGAL NOTICE

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVER

RESORT HOTELS PLC
Registered number: 176785
Trading name: Resort Hotels Plc. Nature of business: Operating and managing hotels, restaurants and public houses. Trade classification: 47. Date of appointment of administrative receiver: 1 June 1994. Name of person appointing the administrative receiver: National Westminster Bank Plc. A.R. Brown and M.E. Mills, Joint Administrative Receivers (office holder numbers 0462 and 5318) Bankers: Messrs. 1 Lombard Palace Road, London SE1 7EU

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF CREDIT LYONNAIS (INVESTMENTS) LIMITED
AND
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was presented to Her Majesty's High Court of Justice, Chancery Division on 7th May 1994 for the confirmation of the reduction of the share capital of the above named company by £4,000,000.
AND NOTICE is further given that the said Petition is directed to be heard before Mr Registrar Beckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 22nd day of June 1994.
Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the share capital should appear in the time of the hearing in person or by Counsel for that purpose.
A copy of the said Petition will be furnished to any person requiring the same by the undersigned Solicitors on payment of the Regulated Charge for the same.
Dated the 10th day of June 1994
CLIFFORD CHANCE
200 Aldersgate Street
London EC1A 4JL
Ref: RWC
Solicitors to the Company

IN THE MATTER OF VECOM LIMITED
AND
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE is hereby given that the creditors of the above-named company which is being voluntarily wound up are required to send to the undersigned Solicitors on or before the 9th day of July 1994 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Messrs Messersons & Co. of 100, 102, 104, 106, 108, 110, 112, 114, 116, 118, 120, 122, 124, 126, 128, 130, 132, 134, 136, 138, 140, 142, 144, 146, 148, 150, 152, 154, 156, 158, 160, 162, 164, 166, 168, 170, 172, 174, 176, 178, 180, 182, 184, 186, 188, 190, 192, 194, 196, 198, 200, 202, 204, 206, 208, 210, 212, 214, 216, 218, 220, 222, 224, 226, 228, 230, 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256, 258, 260, 262, 264, 266, 268, 270, 272, 274, 276, 278, 280, 282, 284, 286, 288, 290, 292, 294, 296, 298, 300, 302, 304, 306, 308, 310, 312, 314, 316, 318, 320, 322, 324, 326, 328, 330, 332, 334, 336, 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ARTS

Soul-paring style

The biggest shock at last month's Cannes festival, apart from the film that won the main prize, *Pulp Fiction*, was the film that won no prize at all. Krzysztof Kieslowski's *Three Colours: Red*, the critics' favourite, was passed over by the ruthless Clint Eastwood Gang - aka the Cannes jury - thus robbing the Polish-born director of the "grand slam" that seemed his for the taking after earlier prizes for *Blue* (Venice) and *White* (Berlin).

It was at Berlin, just before he won his Best Director Silver Bear, that he and I met and talked amid an earlier hail of Kieslowski headlines. Had he really decided to stop making films, I ask, through an interpreter.

"I hope, yes."

But you are the most acclaimed film-maker in Europe?

"Maybe it's best moment because of that."

What will you do instead?

"Nothing special."

It is like talking to Leonardo da Vinci as he fondles an early pair of retirement slippers. Kieslowski's films have been the glory - it often seems the sole glory - of European cinema since the mid-1980s. When *A Short Film About Killing* premiered in Cannes in 1988, this literally tiny feature (70-something minutes) raised scalp hairs across the entire town. The poetry of nightmare - a vicious murder, a more vicious execution, a series of cityscapes shot in billow-yellow or acid-blue filters - was joined to a forlorn, ironic compassion.

Later works - *A Short Film About Love*, *The Double Life of Veronique* - took that soul-paring style and added bits of comedy and fantasy, even many trillies. But a Kieslowski film is still unmistakable. It is moviedom's answer to Munch's *The Scream*: a silent yell offered over the death-throes - which some in the director's view foolishly mistake for life-throes - of Europe at the end of the millennium.

His latest and threatened last work is his French-co-funded trilogy based on *tricolore* themes. As in *Decalogue*, his TV-commissioned series where each short film was based on one of the ten commandments, Kieslowski likes to fool audiences into expecting neatly-tailored thesis movies. But *Blue* was about

the "liberty" of a woman in shock after the death of her husband and child in a car crash; and *White* (equality) and *Red* (fraternity) are way, lateral reflections on the other great abstracts in the French revolutionary triad.

Kieslowski insists that the films are about people anyway, not society or politics; even though *White*, opening in London today, cocks a snook at the new capitalism in Eastern Europe, with its tale of a get-rich Pole using black market scams to lure his estranged French wife to Warsaw, and *Red* is set in bureaucratic, icy-hearted Switzerland.

"I do not believe in society," he states. "Society is composed of millions of individuals and those individuals interest me." Didn't Mrs Thatcher once say the same thing?

Nigel Andrews talks to the Polish film director Krzysztof Kieslowski

"But for her it had a political dimension. That is the difference. In her mouth it does not make sense at all, because looked at politically and socially of course societies exist."

But not, he implies, for the artist. And for film-makers the advantage of a Europe now collapsing into semi-federalism is that they can ignore such divides as do remain between countries and cultures. Co-production heaven has arrived, and much of Kieslowski's recent work, starting with *Veronique*, has been made with French actors in French settings in the French language.

"It's practically impossible to understand other countries than your own. But if you are talking about people, that doesn't matter. A human being is not a country. Foreign actors bring something truthful about their country into my film; they carry that truth inside them. So I'm not obliged to small the air in this other land, because the actors know and breathe it..."

And in any case the country where this director's films are really set is Kieslowskiland. Like Greenland it has its own moods, rules and landscapes: though in typ-

ical style the director disclaims credit for most of the characterising devices you quote back at him, from his use of filters to his way with recurring symbolism.

"The three films using filters (*Veronique*, *Blue*, *Red*) were made by the same director of photography. It was his idea. I just said yes or no." And the symbolic motifs? Like the old person straining to put a bottle in a street bottle-bank, a vignette that occurs in each of the three trilogy films. Or the almost sinister use of small animals, like the mice in *Blue* and the fluttering pigeons in *White*.

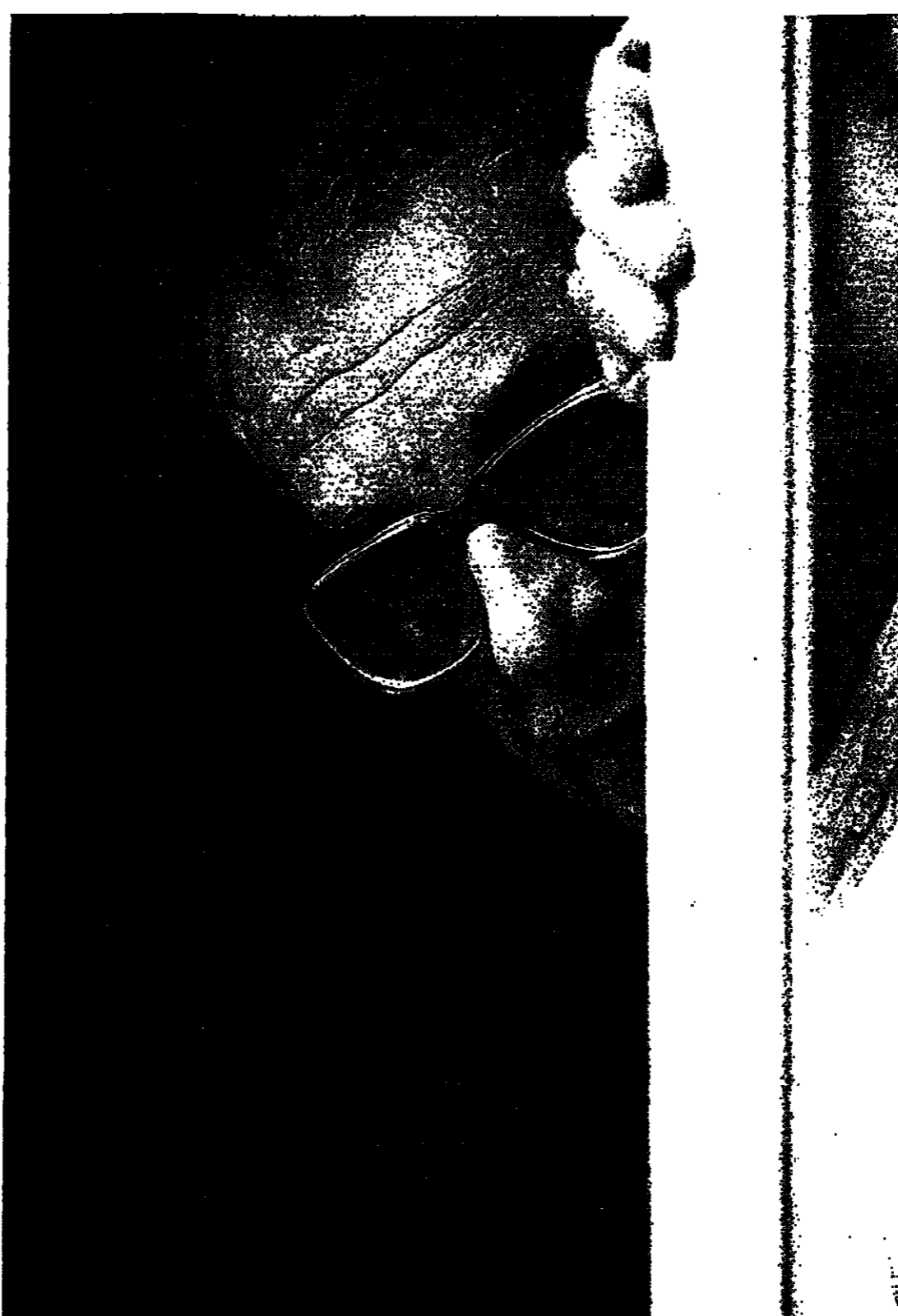
The bottle bank scene, he says, is about failing powers. "It's our future. Simply, there will come a day for each of us when we won't be able to push a bottle in." And the animals? "We had the idea that in all three films you would see an animal giving birth. We did it with mice in *Blue*, we wanted to do the same with pigeons in *White*. But it's difficult to get pigeons to nest their eggs in February. So to get something similar, we had the idea of this 'fluttering' motif. You make certain associations with it."

Kieslowski prefers to let his audience construe the scenes. He does not believe in a single definitive interpretation of a film; he does not even believe in a single definitive version of any film.

Having already played with flexible movies in *A Short Film About Killing* and *A Short Film About Love*, each made with two separate running times, one for cinema, one for TV, what he would next like is for films to be shaped differently for every different screening venue.

"If you're in a big cinema you're sitting in a comfortable chair and the place is full of people. It becomes a totally different film from the same one you'll see in a little village hall with poor screening: the image will be dark, the sound not perfect, you'll be almost alone. Same reels, different film! Because a movie acts in contact with you. Are you in a good mood or bad? Are you crossing the Atlantic? Why not introduce those differences, or respond to the possibility of them, within the film itself?"

I am fascinated. Can he elaborate? No. My time is up. Berlin is a busy place, especially for a famous abdicating film-maker.



Krzysztof Kieslowski: his films are moviedom's answer to Munch's 'The Scream' James Outtner

Opera
Sharp little shocker

Since Peter Maxwell Davies wrote *The Lighthouse* 11 years ago, the little opera has had many more performers abroad than here. The Music Theatre Wales revival, brought from Stuttgart and Swansea to the Queen Elizabeth Hall on Tuesday, is not only timely - Max's 60th birthday is approaching - but highly expert and effective. It goes to the Oxford Playhouse this Sunday, and the Cheltenham Everyman on July 10: there will be a further tour in the autumn.

The tale was inspired by a real-life 1900 mystery, the disappearance of all three keepers from the Flannan Isle lighthouse - leaving everything behind in perfect order, "Marie Celeste"-style. In the Davies scenario there are burgeoning psychological frictions between them, shut up together as they are. As nerves become rawer, there are confessional reminiscences, and ultimately an explosive *folie à trois*.

Before this main act, "The Cry of the Beast" comes a shorter Prologue in which the same three singers are impersonal officers giving evidence at the later court of enquiry (enlivened by sledge flashbacks). Davies exploits the parallelism neatly: indeed, the construction of the entire piece is notably taut and cleverly keeps wary characters touched in by economical strokes, the spooky atmosphere generated by a mere dozen players with a kaleidoscopic variety of colour and attack.

Michael Rafferty conducts with a sure hand, and Michael McCarthy's production is no less confident. Simon Banham's skeletal lighthouse makes a perfect setting. The trio of singer-actors is first-rate: Henry Harford as the volatile Blazes, hag-ridden by a brutal childhood, Philip Cressy's naive Sandy, Kelvin Thomas's religious nut Arthur. At the climaxes of both acts, however, Ace McCarron's bold lighting goes so far over the top that many of us shut our eyes tight while it lasted - not a dramatic effect, just physiological.

Certainly Maxwell Davies' score enriches the schematic action. It focuses it, orders it, lends it a fine haunted aura. Whether it deepens it is another matter. Significantly, each light-keeper's revelatory monologue is set as a parody in Max's 1970s vein - a gleefully black G. & S. number, a soulful Edwardian ballad, a Sally Army hymn. His favourite ties of that time recur: the mistuned upright piano, the lightly sinister celesta and marimbas, the hyper-vibrato solos for mawkish brass.

By the time the *really* distressful exposures begin, the music is too far into Hammer-film horror (long, shivery string tremors, muffled threats in the bass, snapping percussion) to do anything more for the individual characters. The net effect is of a shaggy-dog story recounted as Grand Guignol. For practical reasons, MTW has preferred to insert an interval between prologue and main act; but that leaves the opera somewhat overstretched, prompts expectations of something more searching than it pretends to deliver.

At a dense, continuous hour-and-a-quarter it would display its astringent virtues still better. A one-act need not aim at the psychological depths that an evening-length opera might explore. There are different things to be done on the narrower scale: think of what Ravel managed with *L'Heure espagnole*, a mere "vaudeville" in *The Lighthouse*. Maxwell Davies does some of them with such lean, incisive brilliance that it may prove to outlast grander pieces with more humane ambitions.

David Murray

Opera/David Murray

A 'Jenufa' ill served by production

Janáček's fine, morally penetrating opera is proof against almost anything, and it easily survives Lucy Bailey's amateurish new production at the Coliseum. *Jenufa* is the first of his mature operas, but the last now to enter the English National Opera repertoire, after David Pountney's often inspired versions of the other six. Luckily it boasts an excellent cast, though they have been given precious little help; it will undoubtedly run better, or at least limp less painfully, when it has been run in.

Two years ago Miss Bailey devised a beautiful, dream-like staging for Giorgio Battistelli's *Teorema* (after Pasolini's film and novel) which was universally admired. Not so her production of Paisiello's *Barbieri* at Wexford last year; and now *Jenufa* - inescapably naturalistic, village-domestic, red-blooded - catches her without the elementary skill of animating her performers. They stand, or sit, awkwardly about. Their exchanges are lame, under-defined. There is nothing for it but to Emote on the spot, which they all do to their hopeful best.

Even Josephine Barstow's Kostel-

níčka seems to be trapped in a neck-brace throughout, and at her great crises she is reduced to repetitive arm-twitches. Can this be Janáček's formidable matriarch, whose model - as we learn from the ENO programme-book, excellent as usual - was a notable singer and dancer with "a vital energy, a harmony of movement and an elevated bearing"? The Kostelníčka is not the crabbed, hypocritical Kabanicha of *Kazka*. When she sings, Miss Barstow's intensity of understanding is marvellous, but the voice has to do all the work.

Susan Bullock's sweet, touchingly gawky Jenufa is in a similar fix, rescued by her transparent honesty. David Maxwell Anderson's natural assets make him an admirably flash, flamboyant, feckless Steve, with a big, handsome voice to match. Best of all is Kim Begley as his half-brother Laca. Miss Bailey bobbles him, too - but he is visibly, sympathetically choked with his frustrated love and his strange private anger, and delivers his music with seething passion and an unyielding grip on its expressive sense.

Shelagh Squires' Grandmother Burja wears a gentle dignity that

makes its own mark, and Arwel Huw Morgan's warm, kindly Foreman is faultless. The boy Jano is almost completely unintelligible, even in his crucial report of the discovery of the dead baby. Nicholas Folwell's nice study of the Mayor is not parodied; he is more fortunate than his wife and daughter, whose costumes make them instant travesties.

In fact Simon Vincenzi's costumes reach their ghastly nadir in that final act. From the random dress of the villagers at the start, one supposed that he was eschewing anything recognisably Czech; but for the wedding he descends into queasy, milk-and-water ethnic caricature. Likewise, the choreographer Leah Hausman follows her lively, plausible dances for the first act with an excessively twee little number for the wedding, too minsy to be ironic.

Otherwise, Miss Bailey's handling of the village crowds is pure village-hall theatre, stiff and limp at once. The whole production might be regarded as a piece of "conceptual art", in the sense that it doesn't look very good, nor interesting, but

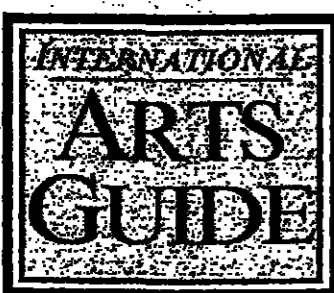
is more or less "explained" by her remarks printed in the programme-book.

A large, blank screen overhangs the stage, lit in various colours at different times: that must be the "crushing" sky which symbolises Jenufa's "confined" life. I was less sure about the swelling sea of hip-high yellow flowers that is the sole ornament of Act 1. The expansion of the bleak little cottage room of Act 2 into an Act 3 space, so as to accommodate the wedding guests, looks like crude makeshift.

Young Sian Edwards conducts. She is not, of course, Charles Mackerras or Bernard Haitink or Mark Elder; she brings her own eager rush to the score, but one misses Janáček's serene warmth and breadth (and any intimate rapport with the singers). All of this noble music amounts to a kind of ethical commentary on the action, wise, elevated and tender; it is always more than mere reflection of the characters' transient feelings. So far, Miss Edwards makes distinctly less of it than that: the glorious transforming close sounds like no more than strenuous jubilation.



Kim Begley and Susan Bullock as Laca and Jenufa



Kitaj retrospective

The main summer exhibition at the Tate Gallery in London is a retrospective of R.B. Kitaj, opening next Thursday. It comprises more than 100 paintings and drawings, and includes the first substantial showing of Kitaj's paintings of the 1980s.

Kitaj is one of the outstanding figurative painters of a generation in British art which includes Howard Hodgkin and David Hockney. Born in Ohio in 1932, he served with the US army in Europe in the mid-1950s, before enrolling as a student at the Ruskin School of Art in Oxford. He moved in 1959 to the Royal College of Art, and since then has lived and worked mainly in London.

Like other Americans before him, Kitaj has been influential in British art. In particular, he played an important part in the resurgence of interest in the human figure that developed from the late 1970s. Marked by a

striking use of colour and often invoking great works of the past, his images always centre on human experience, reflecting his view of love, exile, sex, tragedy, comedy, literature and politics. Since the 1970s his paintings have also been concerned with his Jewish heritage. The exhibition runs till September 4.

Apart from the Pugin exhibition at the Victoria and Albert Museum, the other major opening in London this month is Bonnard at Le Bosquet, at the Hayward Gallery. It brings together some 80 paintings, watercolours and drawings, and traces Bonnard's work on the Côte d'Azur, where - in common with many other painters - he became fascinated with the extraordinary quality of light. He bought Villa du Bosquet in 1926 and died there in 1947. The exhibition runs from June 23 to August 29.

EXHIBITIONS GUIDE

AMSTERDAM

Van Gogh Museum Van Gogh's Self-Portraits: 20 paintings and two drawings dating from his stay in Paris 1886-7. Ends Oct 9. Daily Rijksmuseum Flowers and Plants: flora and fauna in five centuries of prints and drawings. Ends July 31. Closed Mon. Royal Palace The Fountain of Pallas: this impressive marble statue, made in 1680 by the Amsterdam sculptor Artus Quellien, is on show with related paintings, drawings and terracotta models. Ends Aug 28. Daily

BARCELONA

Museu Picasso The Russian Avant-Garde 1905-25. Ends June 26. Closed Mon (Carrer Montcada 15-19)

BASILIA

Museum für Gegenwartskunst The Udo and Anette Brandhorst Collection: a selection of works by artists active in the 1960s and 1970s, including Joseph Beuys, Georg Baselitz, Cy Twombly, Sigmar Polke and Richard Long. Ends Sep 18. Closed Mon. Kunstmuseum Jasper Johns: 95 working proofs donated to the museum by the American artist. Ends Aug 7. Closed Mon. Antikenmuseum Rediscovering Pompeii. Ends June 26. Closed Mon

BERLIN

Museum für Indische Kunst Lost Empire of the Silk Road: 87 well-preserved pieces of Buddhist art from the tenth to 13th centuries. Ends July 3. Closed Mon. Kunst- und Ausstellungshalle The Century of the Avant-Garde in Central and Eastern Europe: 700 works by 200 painters and sculptors, offering a thematic guide to the artistic developments of the past century. Ends Oct 16. Closed Mon. ESSEN Villa Hügel Paris - Belle Époque: an evocation of the period from 1880 to 1910 with paintings, drawings, posters, photographs, glass and furniture. Ends Nov 13. Daily

FRANKFURT

Schirn Kunsthalle Goethe and Art: 300 paintings, drawings and sculptures ranging from antiquity

till Goethe's death in 1832. Ends Aug 7. Daily. Deutsches Architekturmuseum Modern Architecture in Germany 1900-1950: Expressionism and the Neue Sachlichkeit. Ends July 3. Closed Mon

LONDON

National Gallery From Caspar David Friedrich to Ferdinand Hodler, A Romantic Tradition - Paintings and Drawings from the Oskar Reinhart Foundation: 130 works from one of Europe's finest collections of German, Austrian and Swiss art of the 19th century, ranging from the intensity of the Romantic era and the gentle charm of Bleeker, to the robust art of Realist and Symbolist painters at the end of the century. Ends Sep 4. Daily

Grosvenor House The flagship fair for the British art and antiques world runs till June 18, and includes paintings, furniture, silver, jewellery and other works of art from antiquity to the present day. Among the items on show are a pair of paintings by Francesco Guardi dating from the early 1760s, Landseer's A Highland Glen, an Elizabethan walnut three-tier buffet and some classic Chinese 16th and 17th century Ming furniture (tel 071-495 8743 fax 071-495 8747). Accademia Italiana Michelangelo - An Invitation to Casa Buonarroti: 15 drawings, plus letters and books. Ends July 24. Daily. British Museum Indian Paintings and Drawings from the Collection of Howard Hodgkin: magnificent works from every part of India, collected by one of Britain's most original contemporary artists. Ends

Aug 21. German Printmaking in the Age of Goethe: 200 works by 80 artists ranging from Romantic forerunners in the mid-18th century to the Nazarenes. Ends Sep 11. Daily

National Army Museum Rex Whistler: a tribute to the British painter and master draughtsman who was killed during the 1944 Normandy landings. Ends Sep 18. Daily. Eskenazi Yuan and Early Ming Blue and White Porcelain: 26 rare pieces dating from 1340 to 1495, mostly from private collections. Ends July 8. Closed Sat and Sun (10 Clifford Street W1)

MADRID

Centro de Arte Reina Sofia Gerhard Richter: 100 works by one of the key figures in contemporary German art. Ends Aug 22. Closed Tues. METROPOLITAN Museum of Art Petrus Christus: 22 paintings by the 15th century Netherlandish master, renowned for the jewel-like luminosity of his work. Ends July 31. Picasso and the Weeping Women: 80 paintings and works on paper from the 1930s and 1940s, when Picasso was obsessed by two women in his life - Marie-Thérèse Walter and Dora Maar. Ends Sep 4. The Decorative Arts of Frank Lloyd Wright. Ends Sep 4. Closed Mon. Museum of Modern Art From Manet to Picasso - Masterpieces from the David and Peggy Rockefeller Collection: among the 21 works are Cézanne's Still Life with Fruit Dish (1879-80) and paintings by Renoir, Signac, Pissarro, Dérain and Matisse. Ends

Sep 6. Closed Wed. PARIS Grand Palais The Origins of Impressionism 1859-69. Ends Aug 9. Closed Tues

Musée d'Art Moderne de la Ville de Paris Dutch Art of the 20th Century: the first part traces developments from Van Gogh to Mondrian, while the second focuses on ten contemporary artists. Ends July 17. Closed Mon (11 ave du Président Wilson). Hôtel de Ville Nicolas de Stael: 70 paintings and 40 drawings by the Russian-born, French-trained painter who committed suicide in 1955. Ends June 19. Closed Mon (Salle Saint-Jean, 3 rue de Lobau)

ROME

Palazzo delle Esposizioni Dada - The Art of Negation: 300 works. Ends June 30. Richard Long: eight installations by the British artist. Ends June 30. Closed Mon. San Michele Garden Theatres: drawings, engravings and scale models showing the lost baroque art of creating theatrical scenery using only carefully manicured plants and trees. Ends June 26. Closed Sun (Via di San Michele). Museo del Folklore The Influence Of Egypt: how the cult of Egyptology influenced film-makers and strip-cartoon artists, including Karl Freund (The Mummy with Boris Karloff, 1932), Walt Disney (Adventure on the Nile) and Goscinny and Uderzo (Asterix and Cleopatra). All the decorative hieroglyphics are based on the numerous obelisks scattered around central Rome. Ends June 24. Closed Mon (Piazza S. Egidio)

STOCKHOLM

Nationalmuseum Swedish Glass

pre-1900 and Today: an exhibition focusing on glass for the table, including a late-17th century Kungsholm goblet. Ends Sep 4. Closed Mon

TREVISO

Museo Civico Rosalba Carriera (1675-1757): having started her career as a miniaturist in Venice, Rosalba soon outstripped her male colleagues and - helped by her mentor, the British consul Joseph Smith - became one of the most sought-after portraitists in the courts of western Europe. Ends June 30

MUSEO LUIGI BALLO

Museo Luigi Ballo Arturo Martini (1889-1947): 11 works dating from the 1930s and 1940s, all on mythological subjects, by this most distinguished of Italian sculptors who was born in Treviso. Ends June 26

VIENNA

Museum des 20. Jahrhunderts Picasso: 180 paintings, drawings, collages, bronzes and ceramics from the Ludwig collection. Ends June 19. Closed Mon

KUNSTHAUS ART AND DICTATORSHIP

a comparison of Hitler's, Stalin's and Mussolini's ideas of degenerate art. Ends Aug 15. Daily

WASHINGTON

National Gallery of Art Willem de Kooning's Paintings: 75 works by the American abstract expressionist. Ends Sep 5. One of the jewels of the permanent collection. Jan van Eyck's Annunciation, has returned to public view after a two-year restoration. Daily

In Dzerzhinsk, on the outskirts of Nizhny Novgorod, stands a new-generation Russian factory fortified in a style reminiscent of the old days when the area - home to the Soviet Union's T-34 tank and MiG 29 warplane - was closed to foreigners.

Ringed by a solid 8-metre-high concrete wall, electrified barbed wire, floodlights, a no-go area of tilled sand and a further wire fence inside the main perimeter, Germany's Wella group goes about its day-to-day business: making shampoo, conditioner and permanent wave lotion.

Mr Boris Nemtsov, regional governor, is ignoring the elaborate defences erected to keep gangsters away from the German haircare group's DM25m investment in the Russian chemicals industry. He is holding forth on the "prejudice" disseminated by foreign media.

"I get a lot of information from the outside," he says in perfect English. He sees the FT, the Wall Street Journal and the Economist. He reads too much about lawlessness, inflation and instability and not enough about the advantages for potential investors.

"You can make profits here which you cannot dream of where you come from," he says, citing labour costs a tenth of those in Germany, and clamouring demand for western-quality products.

As for the mafia, Russia is no more than eastern Europe or New York. "And the way to deal with it is to improve the situation in the private sector," he says. "When private banks first appeared in Russia they were full of corruption and crime. But they organised their security privately and the problem was no longer a problem," he adds.

Mr Nemtsov, 34, a "conservative" favourite of President Boris Yeltsin, blessed with double-rations of energy and charisma, is guest of honour at the official opening of the factory, a 50:50 joint venture between the German group and Caprolactam, a sprawling Russian chemicals combine.

He seems put out that the size of the plant does not match his view of the market potential. He waves his arm around the compound where the new buildings occupy less than 20 per cent of the 50-hectare enclosure and where new jobs have been found for just 130 of Caprolactam's bloated workforce of 13,000. "If this factory were five times bigger Wella could supply the whole market," he says.

The joint venture, known as

Shampoo and set in Russia

Christopher Parkes on a German group's eastern hair care flair



Capella, expects to break even on sales of DM25m-plus in its first year. It is considering increasing capacity, and plans to double turnover by 1996, presidential election year in Russia. Few are tempted to look much further. "We are in a country where you cannot do much long-term planning," says Mr Peter Zühlsdorff, Wella chairman. "Our only navigational aid is the foghorn; they haven't got radar yet."

Wella was first steered towards its Russian investment three years ago by the presence in one of the last great potential markets of its global rivals in haircare: Unilever, Procter & Gamble and L'Oréal. Wella, which had hitherto supplied the market through exports, also feared Russia might be closed to non-essential imports.

It was guided towards Dzerzhinsk by a joint venture advisory agency set up in 1991 by the Nizhny authorities and Germany's Westdeutsche Landesbank shortly after the region was declared an experimental privatisation zone by Mr Yeltsin.

Nizhny's importance as the Soviet weapons smithy meant it had above-average (by Soviet standards) road and rail links. Caprolactam was once sole

supplier of a wide range of raw materials to the entire Soviet Union, and is seeking more partners such as Wella - its first foreign collaborator - to make added-value products with more appeal than its present range, which includes linoleum and plastic funnels.

Lawlessness plus political and economic chaos entered Wella's calculations but, Mr Zühlsdorff says, the investment was based on business realities in the global personal products market.

The company's situation in Russia is basically no different from its other markets: balancing risks against opportunities and competing against global rivals. "What is going on here is the sharing-out of a new market," says Mr Zühlsdorff. "In the long run, not taking a chance now would involve us in greater risks in the future."

As for the security of his investment (Caprolactam provided the land and the buildings), Mr Zühlsdorff seems unconcerned. "Our DM25m is not exactly peanuts, but..." he says with a wry smile and a shrug. The message is that it is an acceptable stake in the light of the potential offered by 150m heads of Russian hair and ample evidence that local customers will pay for western

quality despite widespread poverty. Wella products, marketed in Russia for the past 15 years, currently sell for about 90 per cent of German retail prices.

That is a good enough start for him, and he sees Wella as established and sure to gain. Only the extent of the gains and their timing is in doubt.

"There will not be a catastrophe," he states. There may be years of uncertainty. Growth may come in steps and starts or not at all for some periods. "But long term, [economic reform] will go on."

Short term, formal distribution arrangements appear to be a concern because the former state-run system has collapsed. Wella has tried to overcome this by setting up a marketing joint venture with Caprolactam. This Moscow-based company, Russell, already has five wholesale distributors and 50 staff building a chain of exclusive dealers.

At the same time, the group's Wella shop-fitting subsidiary is opening hair salons - a key outlet for the Wella brand - as quickly as it can find joint-venture partners. There are now some 150 in Russia. The latest is in the White House parliament building in Moscow, with two more planned for the capital's Bolshoi Theatre and GUM department store.

Whatever Mr Nemtsov's reservations about the scale of the new factory, which started production last autumn, the venture has restored Wella's fortunes in a market where sales had virtually evaporated in 1992. Thanks to Capella's output, bolstered by imports of hair colours and other more refined products, Russia is again the group's biggest market in terms of turnover in eastern Europe. Wella's handsome margins are being recycled into print and broadcast media advertising.

And Mr Nemtsov, given to grand gestures and ambitions ("I am governor in Nizhny just as President Clinton was governor in Arkansas") does not miss the significance of Wella's initiative. "Did you know how foreign investment in Poland started? In the same way as here, with cosmetics."

The Capella plant is a small but important addition to the 300-odd joint ventures Mr Nemtsov claims are under way in the region. But many more are needed if Russia is to make a smooth transition to a market economy. "We need anything, any investors, anything that makes a profit."

Joe Rogaly

A hole in the middle



Ask yourself the big question. How many Kellaways short of a party is Mr Paddy Ashdown? Mr Alec Kellaway, you will have noticed, was until Wednesday the Liberal Democratic candidate in the Newham North-east by-election. At the last minute he had a fit of conscience and defected to Labour. Correction. Not at precisely the last minute. The Kellaway conscience, it appears from various accounts, spoke with finality last Sunday and the bearer of it four days later. Further correction: Mr Kellaway, an economist for 10 years at the Henley Centre for forecasting, did not, in his view, defect. He "returned home" to Labour. That is the party from which he had previously defected to join the Social Democratic party, may it rest in peace.

There is no need to hold up your hands in horror to protest that this is all very confusing. Do not mock. The inference to draw from Mr Kellaway's little drama is quite clear. The Labour party was rendered unelectable by the schism of the early 1980s. In those days Labour was loony and left. Now it is just about social democratic. It may be ready to welcome the return of many of the voters it lost a decade ago. That would transform British politics. We can be startlingly precise about how much room exists for such a development. An entire trio of psephologists - Messrs Anthony Heath, Roger Jowell and John Curtice - has reported in its latest study that 42 per cent of those who switched in 1983 from Labour to the Liberal-SDP alliance returned to Labour in April 1992. Some 12 per cent of respondents to the same questionnaire had moved to the

Conservatives, while 36 per cent were still voting Liberal Democrat. That is a great many Kellaways to play for. Mr Ashdown, the third party's leader, would be the first to recognise this disturbing truth. It is possible, indeed likely, that Mr Kellaway himself is an isolated case. We do not expect Liberal Democratic candidates to leap off the hustings in the final hours of all future contests. Against that, a shadow has fallen over what should have been the happy counting of votes cast for those Liberal Democrats who did stay the course yesterday. The victors in the five by-elections will be known this morning. The results of the elections to the European Parliament will be announced after the weekend. A few days ago Mr Ashdown might reasonably have expected people to be talking his party's prospects up on Monday. Now there will be doubt. How many Kellaway consciences will strike before the next general election? There is plenty of time for that. 36 per cent to trickle over. The government could hang on until 1997, if it had to.

A shadow has fallen over what should have been the happy counting of votes for those Lib Dem candidates who stayed the course

Much depends on the outcome of the Labour leadership contest that begins this morning. If either Mr John Prescott or Mrs Margaret Beckett wins control of the people's party, the Liberal Democrats can breathe again. It would not surprise me if in those circumstances Mr Kellaway re-Kellawayed. If, however, Mr Blair wins, and does so in the proper manner, Mr Ashdown may have reason to tremble. The manner of a Blair victory is as important in this reckoning as would be the triumph itself. Labour must convince the watching public that it is ready to welcome alliance defectors back. Mr Blair entered Parliament in 1983, after the great schism. He has no reason to harbour old hatreds as, it seems, does his lieutenant, Mr Jack Straw. He starts off free to deal with the Lib Dems, or absorb them. He will achieve none of this if he wins by pandering to the left of his party, or if he knows too much about the union barons who cannot trade union barons who cannot accustom themselves to their diminished status in British society.

Those who question the need to win converts from other parties should turn again to Messrs Heath, Jowell and Curtice. They demonstrate that even in the most propitious circumstances Labour will need a larger accretion of support than it has ever achieved at a single general election since 1945 if it is to win an overall majority. Destroying the Tory majority, and thus creating a hung parliament, would be easier. Any Labour leader would, however, regard that as second best. It would make it necessary to do a post-election deal with Mr Ashdown.

Mr Blair must therefore ask himself whether an unprecedentedly large swing to Labour is achievable. In a paper prepared for Kleinwort Benson, Mr Curtice and a colleague, Mr Peter Spencer, intimate that it might be. They run most conventional economic variables through their model and emerge with what they should have called political disaster theory. The Conservatives are deeply unpopular because of

the chaos in their party and their government that followed sterling's sudden election from the exchange rate mechanism on Black Wednesday. Labour suffered similarly after the devaluation of the pound in 1967 and the payments crisis of 1976.

Plainly, political performance does matter. In April 1982 many of us found it difficult to believe that the Conservatives would win, since Britain was at the bottom of a deep recession. In the event, persistent mistrust of Labour did the trick for the Tories. For the past two years the Conservatives have been carrying on like a party on its way out, but the government could yet improve its performance. There is time in which the memories of Black Wednesday and its aftermath might be erased. A period of consolidation would help. Some people think the Tories will win anyway, on the ground that the public in Britain, as in other western countries, is just as fed up with the opposition as it is with the government. Only a new face, like that of Mr Berlusconi in Italy or Mr Ross Perot in the US, could make a difference.

The leadership contest gives Labour the chance to present the next best thing to a new face. A thoroughly modernised party, with clear policies and a coherent economic strategy is also required. If such a package is on offer, Mr Ashdown could find that this weekend marks the apogee of his party's performance. Total modernisation is a great deal to ask of Labour, but the alternative could be a fifth victory for the Conservatives. Many of us, Tories included, shudder at that prospect.

'Labour's Last Chance? Dartmouth Publishing, Gower House, Croft Road, Aldershot GU11 3ER. 22 Fenchurch St. London EC3P 3DB

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Unanimity a hindrance to OECD progress

From Mr Karl A Ziegler.

Sir, Your editorial, "Future of the OECD" (June 7) comprehensively reviews the group's historical evolution and its value relevance to key inter-governmental discussions on a wide range of topics.

However, as it expands to include important trading nations in eastern Europe, south east Asia and Latin America, its effectiveness should not be hindered by a requirement for unanimity in voting.

Such a process has condemned some important UN bodies to ineffectiveness, historically, particularly when addressing an individual nation's errant behaviour. A lower common denominator of morality, by definition, is usually not the best way forward.

To many businessmen active in today's international markets, a recent announcement from the OECD must be extremely hopeful. The group's 24 member states agreed to tackle the corrosive problem of international bribery, as per David Buchanan's report "OECD members agree action to curb bribery of foreign officials" (April 30). Full marks to the vision of the group's current membership. Few issues deserve wider international attention.

The proliferation of bribery of decision-makers worldwide encourages wrong, uneconomic choices while private and public morality suffer, particularly among some of the world's poorest nations. Responsible leadership of companies and nations everywhere would strive to set new standards for the way the world trades.

Karl A Ziegler, director, Centre for Accountability and Debt Relief, 6 Broadbrook House, Studio Place, Kimerton Street, London SW1X 3EL

Election opportunity wasted

From Mr J M Harper.

Sir, The European election campaign produced a disturbing symptom of British insularity which we ignore at our peril.

All the evidence is that the European Parliament is rapidly becoming an effective force. There is a series of really important and difficult issues of European policy crying out for it to address. How is the European Union going to handle future security problems on the doorstep such as Bosnia? How protectionist should Europe be in the world after the General Agreement on Tar-

iffs and Trade? How is a long-run solution to be found to the problems of European agriculture, which constantly clog the working of the Union? How does the dirigiste concept of "trans-European" networks for everything from public administration through trunk roads to telecommunications (the latter discussed in your admirable leader, "Networking Europe", of 3 June) ride with the ardent free market policies of some Commissioners? I am sure others could think of many similar issues.

The attitudes of the new MEPs and their groupings towards these matters may turn out to be formative for a large part of our future. Yet none of them surfaced in the European election campaign in Britain. To the extent that it dealt with European as distinct from domestic issues at all, it was a collision between "European" and "Euro-sceptic" philosophies, with the social chapter as a sort of chopping block.

An important opportunity to influence all our futures has simply been wasted.

J M Harper, 11 Lullington Close, Sayford, E Sussex BN25 4JH

High price to pay for the right to work

From Mr J P Read.

Sir, In his article, "Hand-up, not hand-out" (June 7), Joe Rogaly says "you have to settle for less regulation and less welfare if you want more people in jobs".

This appears to overlook the little matter of money - and it is no little matter, not only to the employers and employees but to the government. If you wish to hire a machine you are free to do so provided you pay 17.5 per cent VAT for the privilege. Hire a human being on the other hand and the freedom comes at a much higher price. Wrapped up in three slices comprising Pay as You Earn and employee's and employer's national insurance contributions the rates may

not look too bad. But combine them and express the total tax as a percentage of the net wage and you have a figure which could surely satisfy all but the most grasping of tyrants.

For example, at a nominal (or gross) wage of only £15,000 a year 49.3 per cent of the net wage of £11,060 is effectively levied by the government as taxation, resulting in the employer having to pay a total of £16,560.

Is it any wonder that, with tax at this sort of level on relatively low incomes, more and more businessmen prefer part-time employees, especially if they are below the tax thresholds?

Alternatively, in the case of goods, arrangements can be

made to make them abroad; and, in the case of services, the customers can be employed, free of tax, to serve themselves (self-service), or do the work themselves (DIY).

How can any hand-up, as suggested by Rogaly, have any more than a cosmetic effect when compared to the "push-down" consequences of such onerous tax? After all, we are talking about tens of billions of pounds that are being charged for the right to work. This must have, must it not, some effect on the labour market, unless 2 and 2 no longer make 4?

J P Read, 8 Turner Drive, London NW11 6TX

Obvious solution to choice of new Euro-leader

From Mr David Barnsham.

Sir, It is unfortunate that your leader, "How not to pick a Euro-leader" (June 8), stops short of its logical conclusion. While quite rightly criticising the current self-interested machinations of EU government over the choice of a successor to Jacques Delors, as well as the secrecy and horse trading involved in making the choice and the absence of a clear idea of the qualities required for the job, your leader failed to propose any mechanism through which

these failings could be rectified, now or in the future.

The solution is obvious. According to the Maastricht treaty, the member states are required to consult the newly-elected European parliament on its nomination for Commission president. However, there is now a real possibility that the European parliament, at its constituent session in July, will be faced with the member governments having failed to make such a nomination. In these circumstances it will be up to the parliament to fill the

political vacuum resulting from the (closed) vacillations of the EU's governments.

The parliament could provide a forum in which the qualities, policy preferences and independence of candidates would be examined and discussed, in public. And a choice could even be made between candidates which would reflect European public opinion as expressed in EU-wide elections only a month previously. David Barnsham, 164 rue Victor Hugo, Brussels B-1040, Belgium

No large illegal movement of Bangladeshis

From Mr Shehabuddin Ahmed.

Sir, Thank you for your survey on Bangladesh (May 9) focusing on Bangladesh's march towards the 21st century and for Sheila Jones's article, "When the Ganges runs dry", on the "life and death crisis" of Bangladesh trying to get its share of the Ganges water denied it by its big neighbour, India. However, I would point out one slip in this article.

Without attributing any sources, Sheila Jones writes that "the only pressure on Delhi is the illegal movement of about 10m Bangladeshis across the border in the past 20 years".

This is not correct. We emphatically say that there has not been any illegal movement of people, not to mention the huge number of people Sheila Jones suggests were moving to India to "escape pov-

erty in Bangladesh". The unilateral withdrawal of Ganges water by India has brought about drought, ecological imbalance and demographic changes in Bangladesh causing misery to millions of people.

Shehabuddin Ahmed, Minister (press), High Commission for the People's Republic of Bangladesh, 28 Queen Anne's Gate, London SW1 3AA

erty in Bangladesh". The unilateral withdrawal of Ganges water by India has brought about drought, ecological imbalance and demographic changes in Bangladesh causing misery to millions of people.

Shehabuddin Ahmed, Minister (press), High Commission for the People's Republic of Bangladesh, 28 Queen Anne's Gate, London SW1 3AA

No jobs for the Don Juans

From Mr M E R Robinson.

Sir, There may be no chance of beating Don Juan at their own game ("Old secret of the modern Don Juan", June 4/5), but preventing them from holding positions of authority is a reasonable substitute.

M E R Robinson, 26 Fairfield Close, Grove, Wantage, Oxfordshire OX12 0NQ

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Friday June 10 1994

The point of mutuality

The British have always had an exaggerated view of the merits of home ownership. Have they a similarly over-enthusiastic view of mutual ownership in the building society movement? It is tempting to think so after the High Court's decision to throw obstacles in the path of Lloyds Bank's £1.8bn offer for the Cheltenham & Gloucester Building Society.

The 1986 Building Societies Act makes it exceptionally difficult for such takeovers to proceed, even when agreed by the respective managements. In the case of Lloyds, the specific stumbling block was a provision that prohibited the payment of cash bonuses to investors of less than two years' standing. The purpose of the legislation was not to block bids, but to prevent speculative movements of funds from one society to another in anticipation of bids. Yet Vice Chancellor Sir David Nicholls ruled the bonuses prohibited to recent investors in Cheltenham & Gloucester were unlawful. The question is whether this legal logic makes public policy sense when the Treasury is reviewing building society legislation.

To answer that question requires some prior consideration of the point of mutuality. This form of ownership developed in the 19th century because it enabled people to achieve goals that were not attainable via the commercial banking system at the time. Today, with home ownership accounting for around two-thirds of the housing stock, the purpose of the building society movement is largely fulfilled.

The larger building societies no longer behave like mutual undertakings in relation to their members. They are scarcely distinguishable in their motivation and goals from the clearing banks. Indeed, some societies have been harsher in their treatment of

struggling mortgagors than the banks. And they sometimes appear more interested in offering attractive deals to new customers than looking after existing owners. This narrow pursuit of profit is at odds with the concept of mutuality; and it remains unclear precisely what the profits are for. In one sense the societies are obeying the logic of the product market in which they operate. Deregulation has given both societies and banks the opportunity to engage in licensed poaching on each others' territory. Yet if that is the case, why maintain an ownership and regulatory ring-fence around institutions whose activities are converging with the wider business of the banks?

One answer might be that in a plural system the building societies have looked after their depositors with more imagination and flair than the clearing banks have looked after theirs. The banks' record does not inspire confidence in their ability to rejuvenate the more successful building society sector. Both operate in imperfect markets in corporate control. Yet below the very top level societies are subject to greater threat from takeover than any bank and they cannot, under the 1986 Act, take over a big clearing bank.

On balance, it seems sensible to continue to make it difficult for banks to take over societies and to keep the societies from engaging in higher-risk lending business until they can demonstrate the requisite skills. Determined players with good lawyers will always find a way to consummate deals. What cannot make sense is for investors who are not entitled to receive bonuses to be given votes that enable them to block a bid that the majority desires. This calls for legislative change, as does the present over-restrictive approach to wholesale funding.

Social Europe

Wednesday's European Court judgements, coming on the last day of Britain's European election campaign, could not have been better timed to provoke maximum confusion. In fact none of them were unexpected and they are, with some qualifications, to be welcomed. The decision to extend to employees who are not in unions the right to be consulted in cases of redundancy and business transfer is overdue. It was a Labour government which favoured unions when transposing into national law the European requirement to consult. But Conservative governments happily followed suit in European legislation, as well as in domestic health and safety legislation.

A statutory right to consultation for all employees is, in principle, a big step away from the British system of industrial relations and towards one based on continental-style individual employee rights. Britain has in fact been heading in this continental direction in recent years, based on the belief that to have workplace rights restricted only by trade unions is anachronistic. Moreover, the actual effect of the consultation ruling on employers is likely to be small. It appears that employers will not have to establish a prescribed mechanism for consulting but, rather, a procedure, which allows a good deal of flexibility. The danger is that the govern-

ment will be tempted to transpose a minimalist interpretation of the requirement to consult and so will risk opening a fresh wave of Euro-litigation. This temptation must be avoided. If there is any lesson to be drawn from the continuing chaos over the Transfer of Undertakings (Protection of Employment) regulations, it is the importance of realism. The government has good reason to object to TUE - which excessively protects jobs and conditions when businesses are transferred - but pretending it does not apply in contracting-out cases has left contractors as well as employees confused and angry.

The most grotesque misunderstanding is to suppose that this week's events undermine Britain's "opt-out" from the Social Chapter. In fact, this opt-out relates only to future legislation; the matters which were the subject of this week's court rulings arise from EC directives of the 1970s. The opt-out may, in any case, become superfluous as the EU moves away from an over-detailed and prescriptive approach to labour legislation. A deregulatory tide is now running and even on TUE there is a current in favour of narrowing its scope to exclude at least some of the activities covered by contracting out in Britain. That outcome has been helped by Britain's constructive lobbying "at the heart of Europe", not by opting out or wishful thinking.

Missing links

European Union finance ministers were right this week to rebuff a European Commission proposal to issue "Union bonds" to fund investment in large cross-border infrastructure projects. The scheme is deeply flawed. However, the debate it has stimulated offers an opportunity to explore more constructive alternatives.

Union bonds, and the so-called trans-European networks they are supposed to finance, owe much to the desire of Mr Jacques Delors, the commission president, for a grand political initiative to fight recession and promote European integration. But his proposals are unlikely to produce those results. At a time when national budgets are under severe strain, and the demands of the public sector weigh heavily on European economies, the EU should think carefully before embarking on a large amount of new borrowing. That might fuel recent rises in long-term interest rates and make it harder for private borrowers to obtain financing. If the EU needs extra funds, they should be sought from the existing lending capacity of the European Investment Bank.

Nor has Brussels made a convincing case for its proposed infrastructure projects. It says they will create cross-border links which member states have had no incentive to provide in the past. However, that confuses cause and effect. The priority sectors identi-

fied by Brussels - telecommunications, surface transport and energy - have long been dominated by national monopolies. Their myopia, conservatism and resistance to competition - not market failure or lack of demand - are the main reason for Europe's deficient cross-border infrastructure.

Too much of the spending envisaged by Mr Delors' plan would be channelled through public sector bodies. As well as being inefficient, that could blunt efforts to liberalise and privatise sectors, such as telecommunications and energy. The EU should instead use trans-European networks to support those goals by maximising the scope for competition and private sector initiatives. These are the most cost-effective way to identify and achieve worthwhile projects. In many promising areas, such as advanced information highways, Europe's biggest handicap is not scarce capital, but over-regulation, which has needlessly restricted opportunities for private investment. The most important contribution Brussels can make is to keep attacking those obstacles. Imaginative and radical policy measures are needed to ensure that trans-European networks are driven by the market, not by bureaucrats' dreams. That way, the idea could breed innovation and enterprise, rather than expensive white elephants.

Life is Hell. How much stress is too much stress? reads the headline over a cartoon in a modest office used by King Hussein of Jordan. It could well provide a motto for a man who has survived more than 40 years at the centre of a still turbulent Middle East.

To what extent that cartoon reflects the king's mood may be a matter of debate, but there is no doubting the depth of his frustration, even exasperation, revealed by the occasional flash of bitterness about political developments in the region. A conversation with the king offers no trace of euphoria about the Middle East peace process, in spite of his assessment that it is "irreversible" but rather a deep disappointment at the opportunities missed, and some foreboding about the future.

Beneath the diplomatic veneer, it also reveals the frustration of a man who, for the past four decades, has been at the centre of attempts to bring about a lasting regional peace, but who may be sensing that he and Jordan have been edged to the periphery of a process which could define his country's future.

Much of King Hussein's dismay stems from the failure of Arab nations to rise above narrow self-interest, and his reluctant acceptance that Jordan may eventually have no option but to abandon one of its most fundamental commitments: its refusal to sign a separate peace deal with Israel. Before Jordan, Syria, Lebanon and the Palestinians sat down with Israel at the Madrid peace conference in October 1991, they had agreed that their greatest strength lay in unity. They were determined to avoid the example of Egypt, which in 1979 signed a separate peace with Israel, and not allow themselves to be picked off individually by Israel.

"Sadly, that co-ordination has been a myth," said the king, "particularly in regard to our Palestinian brethren. I had hoped that there would be the kind of co-ordination that would allow us to address jointly our problems with Israel. This has not happened. As a result we are convinced we cannot wait any longer. We have to address the problems which relate to the interests of this country. But at the same time we remain ready to address any request for help [from the Palestinians] to the best of our ability."

However, the king does not know what the Palestinians want from Jordan, any more than he knew what Mr Yasser Arafat, the chairman of the Palestine Liberation Organisation, was last summer secretly negotiating an interim peace agreement with Israel which culminated on September 13 in a signing ceremony at the White House. The Palestinian leadership then proceeded

Hopes smothered in shifting sands

Jordan's King Hussein outlines to FT writers his frustration and fears for the Middle East

to provoke the Jordanians further by signing an economic agreement with Israel which in some areas contradicted (for instance, on banking and financial controls in the West Bank) a deal already struck with the government in Amman. "Instead of Jordan having an economic agreement with the Palestinians, and the Palestinians having an agreement with Israel, we are now having to discuss the whole thing all over again. We could have saved time if we had co-ordinated in the first place," said King Hussein.

The relationship does not appear to have improved since the PLO took control of 60 per cent of the Gaza Strip and the West Bank town of Jericho following the withdrawal of Israeli troops last month. The king stresses his commitment to help the Palestinians, but added, sighing, "If there are specific areas of us, we would like to know in advance what they are." For example, if they want help with electricity distribution, "we are already suffering a shortage, so if they ask this of us we may not be able to deliver". But the king left the impression that he doubted whether the PLO leadership knew what it wanted - or indeed whether it adequately represented the aspirations of the Gazan and Jericho Palestinians it now leads.

One consequence of the PLO attitude has been Jordan's decision to resume direct negotiations with Israel this week in Washington, for the first time since September. These should build on an outline peace "agenda" agreed at that time which set out territorial, security and economic issues to be discussed. "We have always sought to achieve progress since the ratification of the agenda between Jordan and Israel. I am very pleased by the fact that we seem to be at the beginning of the serious work which is required by both sides."

The key question is how far down that road King Hussein will venture, and whether he might be willing to sign a peace treaty with Israel before Syria and Lebanon. Alternatively, he may already see Egypt and the PLO abandon a joint Arab approach, King Hussein may privately fear that Syria could go the same way. He senses that sub-



King Hussein: "If freedom continues to be denied, then we have problems"

stantial progress in the Israeli-Syrian negotiations may not be long delayed, with Mr Warren Christopher, the US secretary of state, likely to resume his shuttle diplomacy soon. "We have our own unique problems," said the king. "Syria has its own unique problems. I would not say that we know exactly what is going on there. Nor are we required to provide details of what is going on here."

It is an answer which leaves all Jordanian options open. It also underscores King Hussein's fears that while Arab governments may be on the brink of securing an historic regional peace, they are failing to develop either regional co-ordination or the political systems which

would put the fruits of peace in the hands of their people. "It is a very sad phase. It is also very dangerous in some respects. It is one which causes despair. And the reaction to it, the extremism as you see it, is a reflection of poor economic conditions and feelings of utter frustration. I will not be very popular for saying it, but it is the result of a lack of ability to bring about institutions which give people a meaning to their lives, give people the right to decide what the future should be. In other words, democracy, freedom and respect for human rights. If this continues to be absent, and continues to be denied, then we have problems."

The king is proud of his own response to such fissile political sentiments: an evolving democracy which last year saw the country's first multi-party election, and one in which an Islamic party won seats. "All schools of political thought have found a common language and a common ground for this country to thrive and to continue to develop with democracy and with respect to the constitution. We hope that others might look at us as something that works, not as something that is a challenge to them."

King Hussein watches the war in Yemen which his personal diplomacy had failed to avert. Here, in the king's eyes, was a union blessed by the Yemenis and bound by a democratic election, which is being threatened not by outside meddling, "There are elements that are interested in fragmenting this country [Yemen], and this is criminal," he says, in what appeared to be an allusion to Saudi Arabia and other Gulf states. King Hussein says he has now "with-drawn from the scene".

His withdrawal is symptomatic of a deeper feeling that the king's experience and advice is being ignored among Arab and western states. Partly, as he acknowledges, this relative isolation derives from Jordan's inability to claw back the diplomatic ground it lost as a result of the king's opposition to the war against Iraq. Relations with Egypt remain cool, and the king was again snubbed by King Fahd during a recent trip to Saudi Arabia.

The favour of western allies is returning, but slowly. This weekend King Hussein will fly to Washington to meet President Bill Clinton with whom he says a "very good friendship" is developing. But whatever diplomatic comfort the trip will provide, his journey to the US might offer a more important cause for personal celebration and one that will bring relief in Jordan. At the start of a 10-day trip, King Hussein will learn whether he remains clear of the cancer that caused the removal of a kidney two years ago. "If everything's all right with me I will not have to repeat what I have done over the last two years with six-monthly tests. After this test the need probably will be for an annual check-up."

King Hussein's vigour reinforces that optimism. But it is an ill omen for the Arab world that its most senior statesman and leader can summon so little optimism about the health of its body politic.

By Roger Matthews, Mark Nicholson and James Whittington

The wrong way to compete



PERSONAL VIEW

by Robert Bischof

This week's report by the Organisation for Economic Co-operation and Development on unemployment in Europe seems to come out strongly in favour of the UK government's economic policy, in particular with regard to its Maastricht opt-out of the social chapter. The basic message from both runs like this: Europe's labour and social costs have become too expensive and its labour laws are too inflexible. In particular, they give employees too many rights and too much job protection.

The UK government would add: lucky and successful Britain has no such problems and where they arise they are attacked vigorously. Hence the UK is first out of recession and has reduced unemployment.

Consider also the following, however: Germany and Switzerland have some 80 per cent higher labour costs per hour than Britain and Spain, about 40 per cent higher than Italy and France, and four times the labour costs of Portugal. This

should make Germany very uncompetitive. But no, Germany still has a very healthy trade surplus with the world and the UK shows a huge deficit. Germany even has a trading surplus with Britain, which has been rising again lately at an alarming rate.

Competitiveness depends on capital investment, R&D, processes, management qualities, work force attitude and skills, rather than on wage rates - in other words, on overall productivity. UK companies believe they can compensate for their lack of investment by focusing on labour costs. They are forced into this position often by a harsh financial climate. While Japanese and German companies pay shareholders on average less than 35 per cent of profits and US firms pay 53 per cent, British companies have to fork out a huge 70 per cent.

And when all else fails - as it always has and will do again - there is good old devaluation to restore competitiveness for a while. But here lies a real reason why the UK could not be in the exchange rate mechanism or become part of a single currency Europe.

When my company, Jungheinrich, set up shop in Britain in 1967, the pound stood at DM11.20, imports had been there less than 10 per cent of the UK lift truck market and a healthy 60 per cent of British production went into export. In 1994 the pound stands at barely DM2.50, imports are more than 60 per cent of the home market and the last remaining British-owned fork truck

UK companies think they can compensate for lack of investment by focusing on labour costs

maker, Lancer Boss, has been bought out of receivership by its German rival, Jungheinrich.

A link between low wage cost, international competitiveness and long-term success seems to me at best unproven and at worst to be more likely the reverse.

Certainly the industrial world is changing and it is clear that the labour market has to change with

it. Flexible manufacturing, just-in-time and lean production offer a system that is desirable from a micro-economic business viewpoint. Raw materials and components arrive at the factory gates just in time and products are no longer made for stock. It must be every accountant's and production manager's dream to employ labour in the same fashion. It is a quite effective system in the upward phase of a business cycle. Companies hire more quickly, unrestricted by concerns over possible later redundancy costs and time-consuming sacking procedures.

But the nightmare comes with the downward part of the business cycle: redundancies will happen just as fast and on an increasing scale, leading to macro-economic instability and an even crazier roller-coaster ride.

Britain's last recession produced 1.5m unemployed in little more than 2½ years. There is good reason to believe the speed with which the above trends, if such trends continue, Europe could return to macro-economic instability. This

would be forced by international competition, the advance of information technology in production processes, and governments' flight into deregulation (under pressure from business) in its search for ways to combat unemployment.

The question is how to find a workable balance between micro-economic need for flexibility and stability in the business cycle at the macro-economic level. Germany has begun to address its excesses on the social front and will also modify certain aspects of its over-regulated labour market. Britain, coming from the completely opposite side, needs in many areas more, not less, protection and regulation. It should try to learn from its European neighbours. Being so often in a minority of one in Europe does not happen by coincidence. It is invariably a sign of being wrong.

Robert Bischof

The author is chairman of Boss Group, now part of Jungheinrich, the German fork lift truck maker

Henkel dives into soap war

More dirty suds spill over from the Unilever-Procter & Gamble soap war. Germany's Henkel group is foaming at the mouth, fearful it may get washed up in the overboard. The detergent and chemicals group has shot out a panic press release from its Düsseldorf HQ, informing the world that "German Persil has nothing to do with English Persil Power".

Henkel has been swamped with queries about whether its Persil contains the magic Unilever formula - which P&G says rots fibres. But Henkel launched its Persil in Germany back in 1907; the brand remains Germany's undisputed market leader.

Unilever has controlled the rights to market Persil in Britain and France "for decades", says Henkel. Everywhere else in Europe, the product is a German one. Henkel's statement aggressively avoided taking sides in the slanging match between the two Anglo-Saxon soap giants; just trying to show that its hands are clean, presumably.

Dog bites hack

John Drummond left his dog Jamie, a spaniel, tied up outside the Halifax Building Society in Kensington yesterday. On his return he found Jamie being

interviewed by a three-man camera crew from the US network, CNN. The hacks explained they were quizzing the bound on its views on the Euro-elections because they could not find any humans with opinions. Jamie "was very tight-lipped", says Drummond. And lest you doubt this tale, Jamie's master is head of Integrity Works, an ethics consultancy, so he can be counted on not to tell fibs.

Lebensraum

And now, for the Euro-sceptic who has not quite everything - a lapel badge to commemorate the European Union. Supplied by a leading German producer of "collectibles", it features a map of Europe on a blue background, with 12 stars. Is Prussia making a bid for independence or what?

Off the rails

Inter-Rail's full page advert in several of Britain's quality dailies yesterday gave a fresh meaning to the term European Union. It showed 12 condoms, looking rather like 12 EU "stars", laid out in a circle on a royal blue background. The copywriting featured a plethora of double entendres - "the Inter-Rail pass gives you the freedom to go as far as you want in Europe" - spuriously tagged to this being the EU's year of Europe Against Aids.

OBSERVER



"Flexible people eat less"

Revving up

Superficially, the first two fellows to have thrown their hats into the ring for the job of heading the new World Trade Organisation are like chalk and cheese. Rubens Ricupero, Brazil's finance minister, is tall, lean, soft-spoken. He chooses his words carefully. Renato Ruggiero, former Italian trade minister turned senior Fiat executive, is rotund, ebullient,

chatty. But they share certain features - apart from their initials. Both were career diplomats before becoming ministers. And it seems they share a common ancestral abode. Ricupero's grandparents were Italian immigrants from Naples, where Ruggiero was born and brought up. Perhaps between them they can slash the job up...

Cast aside

Some British voters yesterday experienced the treat of being able to cast their vote in luxurious and wheelchair-friendly booths rather than the traditional plywood cubicles. The old counters are on their last legs and are gradually being replaced. No, not another Euro-extravaganza - the superbooths are being paid for by the Home Office.

Spartan welcome

Karolos Papoulias, Greece's foreign minister, could be forgiven for thinking the Turks are deliberately making life uncomfortable for him. Arriving at Istanbul for yesterday's Nato meeting, he told his Turkish hosts he wished to pay his respects to the Orthodox Patriarch. But the police escort apparently mistook Fener, the official seat of the head of the Eastern Church, for Fenerbace. Only the hasty

intervention of an alert official prevented Papoulias finding himself dropped off in a run-down district best known for its football club.

Perfect incoherence

Invisible exports will never be quite the same again - Britain has managed to sell its controversial new system of vocational qualifications to Oman. It's the first time the system - which rewards an individual's ability to do a job rather than assessing his or her knowledge about a task - has been sold lock, stock and barrel. The UK's NVQs have been unfavourably compared with their Continental counterparts. But John Hillier, who helped devise the system, says that "the Omanis are as realistic as the rest of us... they recognise that no system is perfect, and that there is hardly a country in the world with as coherent a system. The fact that it isn't perfect is less important than its coherence."

Fit to print

At last a man who knows how to assess the true value of the fourth estate. Interviewed in last night's Evening Standard, Shane MacGowan, hell-raising former lead singer of Irish rock band The Pogues, commented: "I weigh my press. I don't bloody read it. And it weighs a good bit."



FINANCIAL TIMES

Friday June 10 1994

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European dealership network may increase by 50 per cent

Honda poised to boost UK carmaking capacity

By John Griffiths in Tokyo

Honda is poised to announce a significant expansion of its UK car manufacturing operations, which may increase capacity by up to 50 per cent.

The planned expansion of its UK plant, on a 370-acre site at Swindon in south-west England, forms part of a revised Honda strategy for Europe in the wake of German carmaker BMW's takeover of Honda's British partner, Rover Group.

Under this strategy, Honda will also sharply step up its marketing activities in Europe and increase the size of its European dealership network by about one-half between now and the end of the decade. Currently it has 1,700 dealers.

The Swindon facilities, in which Honda has invested £370m (\$555m) so far, have a declared capacity of 100,000 cars a year, which is due to be reached next year.

Last year Honda produced

32,139 cars and 116,036 engines at the Swindon plant. Output is forecast to rise to 50,000 cars and 150,000 engines this year, with car production set to reach 100,000 in 1995.

Under the new strategy Honda is expected to move to substantially higher output well before the end of the decade, with the prospect of considerably higher employment at the Swindon plant than has been indicated to date.

Currently the plant employs 1,400 people, with a further 600 to be added by the time output reaches the 100,000-a-year mark. The intention to expand is understood to predate British Aerospace's decision earlier this year to sell Rover Group to BMW.

Initially the deal provoked a furious response from Honda. However, while Rover and Honda are selling back the shareholdings they took in each other, Honda has agreed to continue existing collaboration agreements.

Those include replacements for the Rover 200/400 series and their Honda equivalent, the Concerto, which Rover has been building for Honda at Rover's plant at Longbridge, Birmingham.

The replacements - code-named Theta by Rover and HH by Honda - are due to go on sale early next year. But under arrangements already agreed before the BMW takeover, Rover is to build only the Rover-badged versions at Longbridge, while Honda is to build the HH - expected to be called the Civic - itself at Swindon.

To date, Honda has indicated its intention to build about 50,000 new Civics annually. Under the revised strategy, this figure will be much higher.

Honda is also understood to have concluded agreements with Peugeot, the French carmaker, under which it will use Peugeot diesel engines in both the Accord and the new Civic in order to strengthen its presence in the European fleet car market.

Salinas may stand as world trade chief

By Damien Fraser in Mexico City and Guy de Jonquieres in London

President Carlos Salinas of Mexico is considering competing to be head of the World Trade Organisation, which is to succeed the General Agreement on Tariffs and Trade next year.

A spokesman for Mr Salinas said yesterday: "The foreign ministry has recognised the pronouncements in favour of President Salinas, and is exploring to see whether there is a consensus for his candidacy. This does not imply a decision has been taken."

The Mexican government is understood to have taken soundings at senior level in the US State Department and the office of President Bill Clinton's trade representative about how Washington would respond if Mr Salinas stood.

If he did, he would be the most heavyweight political figure yet to enter the contest. The two declared candidates so far are Mr Renato Ruggiero, an Italian former trade minister, and Mr Rubens Ricuperio, Brazil's finance minister.

However, Mr Salinas' entry might divide political opinion in Latin America and upset the Brazilian government. President Salinas is obliged to stand down as Mexican president at the end of his six-year term in December, when he would be free to assume the WTO post. However, for domestic political reasons, he cannot be seen to campaign too openly for the job before the presidential election in late August.

The decision on the WTO leadership is expected to be taken in late autumn, after consultation among GATT's members. As leader of an important emerging economy, who has strongly espoused liberalisation and reform, Mr Salinas would be likely to exercise wide appeal. Although GATT has been headed until now by Europeans, most of its members are developing countries which would like the WTO to be headed by one of their own.

Mr Salinas' interest in the WTO post also seems likely to be viewed sympathetically by the Clinton administration. However, support from Washington might prove a mixed blessing.

There has long been speculation that Mr Salinas, who is 46, would seek a senior international post after leaving the presidency. He also appeared to attract some support from Mr Pedro Solbes, Spain's finance minister.

In practice, however, the Spanish government is likely to go along with the choice of other European Union governments, since it wants their support for the candidacy of Mr Enrique Baron, former speaker of the European Parliament, as secretary-general of the European Union.

At present, Mr Ruggiero is clear favourite as the EU candidate for the WTO post.

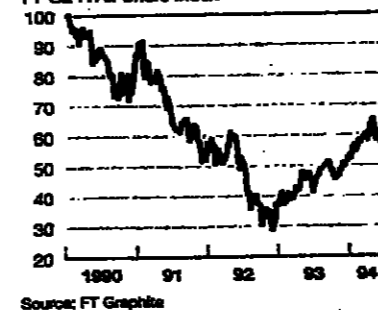
THE LEX COLUMN

Cash power

FT-SE Index: 3028.9 (-9.3)

Pilkington

Share price relative to the FT-SE All-Share Index



SOURCE: FT Graphica

PowerGen will have its work cut out to invest all the cash generated by its core UK generation business. In the last financial year, it only avoided a cash mountain by paying GEC £450m upfront for the construction of a new gas station. Even then, gearing only rose to 15 per cent.

Net cash inflow from the core business, after tax and dividends, will average around £200m a year between now and the end of the century. PowerGen's plans for deploying this cash contrast with National Power's. While its larger rival has set its sights on investing £1bn overseas, PowerGen's international ambitions are more modest. True, it will build stations abroad if the returns are right. But its main thrust is to expand in the UK through buying offshore gas and supplying gas via its Kinetica joint venture.

The strategy has merit provided it is not carried too far. PowerGen's expertise in supplying large electricity consumers is relevant to Kinetica's business of supplying large gas consumers. It also makes sense for PowerGen to own sufficient gas both for its own needs and to supply Kinetica. But it is hard to see the company adding value if it extended these activities more broadly. There would be little point in entering the domestic gas market since it has no competence in supplying small consumers. Equally, PowerGen has no expertise relevant to managing gas fields. To be fair, the company so far shows no signs of splashing out in either way. But that brings it back to the problem of how to spend its cash flow. Unless it can find other profitable investments, the cash would be better handed back to investors.

Lonrho

The flotation of Ashanti Goldfields has won Lonrho new friends. US investors have increased their holding to around 20 per cent in recent months, apparently on the view that a net asset value of 187p per share - when adjusted for the market value of its Ashanti stake - makes Lonrho shares at 134p look cheap. While there is some merit in this line of argument, the logic demands that Lonrho manages its assets more effectively than in the past. Yesterday's interim figures did not inspire confidence in this regard.

The main disappointment came in manufacturing, which swung into loss due to problems in areas ranging from

Pilkington

Pilkington's management can reasonably claim that a turning point has been reached in the group's rehabilitation. Factor in the disposal of the insulation business which came after the year-end and gearing has been reduced to 55 per cent. Due to a squeeze on working capital and operating costs, as well as a one-off tax rebate last year, there has also been a substantial improvement in operating cash flow. Pilkington could thus afford both the purchase of Heywood Williams and its stake in Societa Italiana Vetro while still reducing its borrowing. Now it must turn its attention to increasing margins.

The equity market seems to have assumed that the rebound will be both easy and automatic as economic recovery gathers force. At 176p, the shares are trading on a historic multiple of nearly 30 times pre-exceptional earnings. That would be all right if a quick and dramatic rebound were in sight. The reality, however, is likely to be more prosaic. Even in the US, where capacity use is now around 95 per cent, Pilkington's operating margin was less than 4 per cent in 1993-94.

It may still take years for the group margin to reach double digits, especially if this does turn out to be a recovery in which consumers resist price increases. In that case, earnings growth will disappoint the market - as will dividend growth, given the need to rebuild cover. Mr Roger Leverton, chief executive, has done a good job restructuring Pilkington, but that does not mean he can work miracles too.

Sterling

Judging by its strength in recent weeks, sterling has been unmoved by Euro-election nerves. After a low around DM2.48 three weeks ago, sterling yesterday rose above DM2.52, its highest level since early April. In the same period, the trade-weighted index has risen nearly a full point to 80.6. But this does not mean the currency markets have been ignoring politics; rather that stronger forces have been pushing sterling higher.

Part of this is the currency's usual tendency to move up in the aftermath of a higher dollar. More important is the growing awareness of the currency markets of the strength of the economic recovery - fuelled in particular this week by strong industrial production figures - and the expectation that this will lead the authorities to start raising interest rates sooner rather than later. Indeed, since the short sterling futures contract is pricing in a half-point rise in base rates by September, one might have expected sterling's recovery to have been even more pronounced. That it has only risen as far as DM2.52 suggests a poor election showing for the Tories was priced into the exchange rate already.

In that sense, the market has little to fear from the result. But for sterling to rise much further depends first on the recovery remaining robust and second on the Bank of England's success in using its increased influence to ensure that its hard line on inflation prevails.

Kenyan central bank used false account to hide fraud

By James Harding and Michael Holman in London and Leslie Crawford in Nairobi

A UK subsidiary of Banque Indosuez, the Paris-based merchant bank, last year created an account for a fictitious \$100m deposit for the Central Bank of Kenya (CBK) which was used by the CBK to conceal a foreign exchange fraud from international creditors.

The account was due to close six months later after the completion of an investigation into mismanagement at the central bank and a meeting of Kenya's aid donors chaired by the World Bank in November. However, Banque Indosuez insists that it was unaware of the CBK attempt to conceal the fraud.

CBK closed the account once its existence had been uncovered by the International Monetary Fund, which had been examining Kenya's servicing of its foreign debt. A second account for a fictitious \$100m, which also arti-

ficially inflated Kenya's foreign exchange reserves, was uncovered at a UK subsidiary of another international bank, and also closed.

In June last year, Banque Indosuez Sogem Aval agreed to make a "book entry" to the account of CBK for a "notional deposit" of \$100m although "no transfer of funds was involved", according to a copy of the contract obtained by the Financial Times.

Mr Francois Vikar, communications director at Banque Indosuez in Paris, acknowledged that the CBK approached Indosuez Aval "wanting to do window dressing before the visit of IMF officials". He explained that in order "to make things look absolutely normal" Indosuez Aval made interest payments on the fictitious deposits using moneys made available from a Central Bank advance.

However, Mr Vikar says that the CBK did not identify that a fraud was being concealed.

The creation of fictitious for-

ign exchange deposits was part of an exercise by CBK intended to mask funds missing after Exchange Bank, a Kenyan commercial bank, defaulted on a foreign exchange forward contract worth KSh8.9bn.

Exchange Bank was closed by reformist finance minister Musalia Mudavadi in July last year. Exchange Bank's owner, Mr Kamlesh Patni, a Kenyan entrepreneur, was arrested last week on 22 separate charges of stealing from the central bank. Four former senior CBK officials, of whom two were signatories to the Indosuez Aval contract, have also been arrested for alleged theft from the central bank.

The new central bank governor, Mr Micah Cheserem, acknowledged a series of frauds earlier this year and is trying to recover the funds that were lost in the \$210m foreign exchange fraud.

What world donors did not know, Page 8

Bonn's doubts

Continued from Page 1

partly because German companies were trying to free themselves from EU social legislation. "German companies are looking to invest here to shed themselves from the responsibilities of the social chapter," he said.

Mr Rexrodt took a different view, saying that the problem of German labour costs and social policy rigidities was not linked to the social chapter.

Record low Dutch turnout

Continued from Page 1

Europeans could play no constructive role in the European Parliament, where Denmark's position would therefore be weakened.

The remaining results, according to a Danish Broadcasting Company exit poll, were Radical Liberal party 6.7 per cent (2.8 per cent in 1989), Centre Democrats 1.3 (7.9 per cent), Socialist People's party 9.9 per cent (9.1 per

cent), Christian People's party 1.4 per cent (2.7 per cent), and The Progress party 2.7 per cent (5.3 per cent).

In the UK, polling was also slow in the election for 34 members of an expanded European parliament, increasing the prospects that the Tories will lose up to two-thirds of their 32 seats.

Conservative managers believe that a late swing to the party could allow it to hold up to 20 seats.

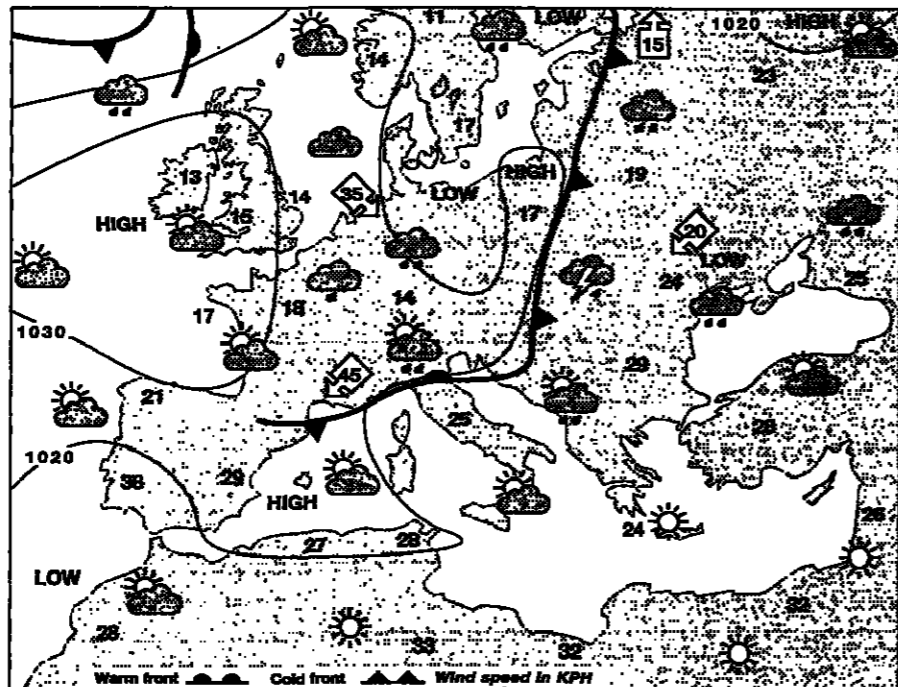
FT WEATHER GUIDE

Europe today

Showers and thunder storms will occur over former Yugoslavia, southern Hungary and Austria near a boundary separating cool air in the west from warm and humid air in the south-east. Scattered showers and thunder storms will occur just north of the Black Sea. Germany, the Low Countries and northern France will be cloudy with outbreaks of rain and unseasonably low temperatures. Sunny spells are expected later in western Belgium and the Netherlands. Southern Europe will stay sunny although Italy may have showers. Temperatures will reach tropical values in Spain. Scandinavia and Denmark will remain unsettled with low temperatures and outbreaks of rain, mainly in eastern areas.

Five-day forecast

A building ridge of high pressure will provide calm conditions in western Europe. The northern UK and southern Scandinavia will stay rather unsettled. Elsewhere, sunny periods will prevail along with a warming trend in France and the Low Countries. A cluster of showers will drift from Italy towards Greece during next week. Spain will remain hot and sunny.



Situation at 12 GMT. Temperature maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Abu Dhabi	Maximum	34	Cairo	fair	27	Faro	fair	30	Madrid	sun	31	Rangoon	cloudy	32
Accra	sun	37	Cardiff	fair	16	Frankfurt	showers	17	Melbourne	sun	27	Reykjavik	rain	10
Algiers	cloudy	31	Casablanca	cloudy	26	Geneva	cloudy	17	Mexico City	sun	26	Rio	cloudy	22
Amsterdam	showers	14	Chicago	cloudy	26	Gibraltar	cloudy	23	Manila	cloudy	34	Rome	showers	25
Athens	sun	28	Cologne	showers	15	Hamburg	cloudy	14	S. Paulo	sun	24	S. Francisco	sun	24
Atlanta	cloudy	33	Dallas	sun	32	Helsinki	showers	18	Seoul	fair	27	Singapore	cloudy	32
Bahia	sun	26	Dubai	fair	46	Hong Kong	rain	28	Singapore	sun	35	Stockholm	showers	18
Bangkok	showers	30	Dubai	sun	38	Honolulu	sun	29	Sydney	sun	25	Strasbourg	rain	16
Barcelona	sun	24	Dublin	cloudy	17	Island	sun	27	Taipei	sun	27	Tangier	fair	27
			Dubrovnik	thund	26	Jakarta	fair	33	Tel Aviv	sun	28	Tokyo	showers	26
			Edinburgh	fair	17	Jersey	fair	15	Toronto	sun	24	Vancouver	rain	21
						Kuwait	sun	36	Warsaw	sun	23	Venice	showers	21
						L. Angeles	sun	25	Winnipeg	sun	20	Vienna	cloudy	18
						Las Palmas	fair	27	Zurich	cloudy	15			
						Lisbon	cloudy	20						
						London	fair	18						
						Luxembourg	rain	15						
						Lyon	cloudy	19						
						Madrid	fair	28						

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INTERNATIONAL COMPANIES AND FINANCE

UK electricity generator seeks to exchange assets

By Michael Smith in London

PowerGen, the UK electricity generator, yesterday indicated a preference for an assets swap with an overseas company as it revealed a 20.5 per cent rise in dividend payments on the back of last year's \$476m (\$317m) pre-tax profits.

Mr Ed Wallis, chief executive, said a cross-border deal was the company's favoured option to fulfil an agreement with the electricity regulator to try to dispose of 2,000MW of generating plant.

The company had been approached by about 20 parties interested in buying the plant but considered only a handful to be serious, Mr Wallis said. However, any disposal could take time to achieve.

In the year to April 3, PowerGen's pre-tax profits of \$476m

represented a 12 per cent rise on 1992-93's \$426m.

This was in spite of a \$24m net increase in provisions and an 8 per cent reduction in sales to \$2.94bn.

A lower tax charge enabled the company to lift earnings per share by 20.5 per cent to 44p (36.5p) and the dividend for the year to 12.65p (10.5p) after a final of 8.7p. Cover remained at 3.5 times earnings against a policy of reducing it to between 2.5 and 2.7.

Mr Wallis said market share, down 1 percentage point to 26 per cent, was likely to fall further and could reach 23 per cent in 1995-96. He expected it to rise again as new capacity came on stream. Staff numbers fell 11 per cent to 4,399 and salaries and overhead costs were down from \$566m to \$493m.

Last year's performance was also helped by a reduction in coal stocks, from 15.7m to 13.9m tonnes. Mr John Rennocks, finance director, said he expected a further cut to less than 5m tonnes in the next two years.

Gearing rose to 15 per cent at the year-end. During the year PowerGen paid the full \$441m costs of developing its Connaught Quay gas station, reducing the total cost by \$54m.

Mr Wallis said three of the company's four new business areas - offshore gas, gas trading, and combined heat and power - were UK-based. In the fourth, overseas, the company did not need to take the corporate acquisitions route. It preferred a lower-risk strategy, for example, building power plant in other countries.

Lex, Page 16

Aga takes 35% stake in Russian gas group

By Christopher Brown-Humes in Stockholm

Aga, the Swedish industrial gas group, has taken a 35 per cent stake in Balashikha Kislarny Zavod (BKZ, Balashikha Oxygen Plant), one of Russia's two largest industrial gas groups.

The group aims to become the majority owner in BKZ this summer and eventually take full control. It has acquired a majority stake in a gas company in Kaliningrad and has a small operation in St Petersburg. It is looking at other opportunities, including Lentechgas in St Petersburg, Russia's other big industrial gas group.

BKZ has 360 employees and annual sales of SKr45m (\$5.7m). It is the largest industrial gas company in the Moscow area, with considerable production and distribution capacity for oxygen, nitrogen and argon.

It is also the leading company in the former Soviet Union for ultra-pure gases and gas mixtures.

Mr Lars Källsäter, an Aga vice-president, said the company had bought its initial stake through a tender from a state property fund. The fund is left with a 14 per cent holding, most of which is soon to be auctioned, with the remaining 51 per cent held by the group's employees.

Mr Källsäter declined to say how much Aga had paid for the shares, but said commitments to invest in plant equipment and modernisation had been as important as price in the tender selection process. He said the main challenge was to increase energy efficiency and supply modern air separation capacity.

"We see the risks in Russia but also the opportunities. If there are setbacks, it is relatively easy for us to reduce our activity and still survive with this type of operation," he said.

Aga has been an active investor in eastern Europe. Apart from Russia, it has invested in the three Baltic states, Hungary, Poland and the Czech Republic.

Strong demand for KPN flotation

By Ronald van de Krol in Amsterdam

The partial flotation next week of Koninklijke PTT Nederland, the Dutch telecommunications and postal company, is nearly three times oversubscribed, with strong demand from foreign and domestic investors, lead manager ABN Amro said yesterday.

With 138.15m shares on offer, investors had put in applications for about 390m shares by the time subscriptions closed early yesterday afternoon.

Allocation of shares will be determined over the weekend,

with an announcement expected on Monday, clearing the way for the first trading in KPN shares on the Amsterdam stock exchange later that day.

The government, which offered small private investors a discount to encourage broad participation in the issue, said earlier that private shareholders would receive unspecified preferential treatment in allocations. Details must still be worked out by the banking syndicates, the Dutch state and their advisers.

The flotation, which will raise a minimum of Fl 6.9bn (\$3.7bn) for the Dutch state and

which values KPN at Fl 22.9bn, is the country's biggest share launch.

The state is selling a 30 per cent stake in this first tranche, with a second tranche scheduled to take place before the end of 1997.

The shares were priced at Fl 49.75 each on Monday. Private investors will receive a discount of Fl 2.50 per share, up to a maximum of 75 shares.

The strong demand makes it likely that the banking syndicate will exercise its option to buy an additional 20.7m shares over the next 30 days to meet heavy demand.

This would raise a further Fl 1bn for the Dutch state.

ABN Amro declined to give a breakdown of demand, saying the precise number of applications would not be known until today. However, the government's aim has been to sell half of the shares at home and half overseas. It wanted to encourage wide participation among private investors.

Experienced private investors began filing applications as soon as subscriptions opened on Monday, but first-time share investors had tended to wait until Wednesday to take part, the bank said.

Baltica claims against ex-parent

By Hilary Barnes in Copenhagen

Baltica Insurance, the Danish insurance company, is claiming up to Dkr900m (\$91m) in compensation from its former parent, Baltica Holding, now known as Gefion.

Baltica Insurance's claim arises because the former parent company last year sold shares owned by Baltica Insurance in the French insurer, Victoire, for Dkr1bn. But the buyer - Victoire's parent, Suez - revealed it had paid

Dkr1.36bn for the shares.

Baltica Insurance wants to know how the difference arose and believes it has a claim against Gefion for at least Dkr900m and up to Dkr950m, according to Gefion yesterday. Gefion rejects the claim.

The dispute is the latest twist in a long saga, which led to the collapse of Baltica Holding last year, when it was rescued by a capital injection from Den Danske Bank, the largest Danish bank. This left Gefion as a minority shareholder in Baltica Insurance.

Baltica Holding's troubles were in part caused by a hostile raid by its Danish rival Hafnia in 1991. Hafnia collapsed in 1992 and its insurance business was taken over last year by Codan, the Danish insurance company.

Baltica Holding fought off Hafnia by bringing in Suez as a main shareholder. Baltica Holding and Baltica Insurance acquired holdings in the French companies. The French and Danish companies sold their stakes in each other last year.

money for its ongoing operations but if it did sell, it could use the funds for further corporate moves.

ING seeks Polish insurance licence

Internationale Nederlanden Groep (ING), the Amsterdam-based banking and insurance group, has applied for a life insurance licence in Poland, Reuter reports from Warsaw.

It planned to start with a share capital of 30bn zlotys (\$1.3bn) and to lift it to more than 200bn zlotys in the third year.

Ing has been an active investor in eastern Europe. Apart from Russia, it has invested in the three Baltic states, Hungary, Poland and the Czech Republic.

NEWS IN BRIEF

Lyonnaisse des Eaux expects strong gains

Lyonnaisse des Eaux, the French utilities and construction group, will show a "significant" rise in profits from last year's modest FF804m (\$141m), Mr Jérôme Monod, president, forecast yesterday, writes David Buchanan in Paris.

Mr Monod told shareholders the group's aim was to increase its business abroad to 60 per cent of its turnover in

the next five years, from 42 per cent.

It hopes to win the contract for France's third mobile phone network for which it is bidding against two rival consortia.

Suez decision on Victoire in June

Suez will announce its decision on Victoire, its insurance unit, at its shareholders' meeting on June 15, Mr Gerard Worms, chairman, said yesterday, Reuter reports from Paris.

Mr Worms said Suez did not need to sell Victoire to raise

Finnair returns to black for year

Finnair, the Finnish state airline, has returned to the black in its latest financial year.

This was in spite of the Finnish recession and a slight fall in passenger numbers. Higher turnover, cost-cutting and lower financing costs helped the airline report a profit after financial items of FM113m (\$20.5m) in the year to March 31, compared with a

FM415m deficit the previous year.

A FM0.30 per share dividend is proposed. Group turnover was 8 per cent higher at FM5.88bn, with a 17 per cent increase in cargo and mail traffic helping to compensate for a 1.5 per cent drop in passenger numbers.

The gross margin doubled to FM582m, or 9.9 per cent of turnover, compared with FM284.9m, or 5.3 per cent, a year earlier.

There was an operating

profit of FM183m, against a FM105m loss.

The airline said it was cautious about prospects in 1994-95, in spite of an upturn in domestic air transport demand after four years of decline. It noted that intensified international competition had caused price cuts.

The Finnish government recently said it would seek parliamentary approval for plans to cut state ownership in Finnair to as little as 50.1 per cent from its current 72 per cent.

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Fortis rises 35% in first three months

By Emma Tucker in Brussels

Fortis, the Dutch-Belgian financial services group, posted a 35 per cent increase in net profits to Ecu109.7m (\$95.4m) in the first three months.

In insurance, pre-tax results rose by 19 per cent to Ecu12.9m, while profits in the banking sector almost quadrupled to Ecu58.1m.

The group, jointly owned by Ambev of the Netherlands and Groupe AG of Belgium, said the sharp increase was attributable to successful operations in most of Fortis' businesses.

The profit for Groupe AG, the insurance company, was BF1.85bn (\$54.5m) in the first quarter, up 35 per cent on the same period a year ago. But Mr Maurice Lippens, president of Groupe AG, said full-year 1994 profit growth for both Groupe AG and its joint venture Fortis AG was unlikely to reach the high levels of the first quarter.

He added that profits for Groupe AG were high in the first quarter as costs had been kept closely in line with last year's levels.

Profit per Groupe AG share rose by 35 per cent in the first three months of the year to BF54.3, from BF40.2 in the same period of 1993.

Fortis announced that from yesterday, its two parent companies - Groupe AG and Ambev - would be known as Fortis AG and Fortis Ambev respectively.

NOTICE OF OPTION TO REDEEM

To the Holders of

TURKIYE CUMHURİYETİ

(THE REPUBLIC OF TURKEY)

(the "Republic")

US\$200,000,000

10 1/4 per cent Bonds due 1999

(the "Bonds")

NOTICE IS HEREBY GIVEN to the holders of the Bonds by the Republic pursuant to Condition 6 of the Bonds and to the Fiscal Agency Agreement dated as of September 14, 1989, the holders of the Bonds may elect to have such Bonds redeemed by the Republic on September 14, 1994, (the "Redemption Date"), at their principal amount together with interest accrued to the date of redemption. To exercise such option the holder must deposit such Bond, together with all Coupons relating to it which mature after the date fixed for redemption, with any Paying Agent (in the case of Bearer Bonds) or the Registrar or any Transfer Agent (in the case of Registered Bonds) together with a duly completed redemption notice in the form obtainable from any of the Agents, not more than 60 nor less than 30 days prior to the relevant date. No Bond so deposited may be withdrawn (except as provided in the Fiscal Agency Agreement) without the prior consent of the Republic. In the case of a Bearer Bond payment will be made by a US dollar check drawn on, or by transfer to a US dollar account maintained by the payee with, a bank in New York City upon presentation and surrender of such Registered Bond at the office of the Registrar as specified below. Interest on Registered Bonds will be paid to the persons shown on the fifteenth day before the due date for the payment of interest (the "Record Date"). Payments of interest on each Registered Bond will be made by US dollar check drawn on a bank in New York City and mailed to the holder (or to the first-named of joint holders) of such Bond at his address appearing in the register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent not less than 15 days before the due date for any payment of interest in respect of a Registered Bond, such payment may be made by transfer to a US dollar account maintained by the payee with a bank in New York City.

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PAYING AGENTS

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B-1040 Brussels
Belgium

Paying Agent & Transfer Agent

Banque Paribas Luxembourg
10A Boulevard Royal
L-2093 Luxembourg

REGISTRAR

Morgan Guaranty Trust Company of New York
Basement A
55 Exchange Place
New York, N.Y. 10260-0023
USA

TURKIYE CUMHURİYETİ

(THE REPUBLIC OF TURKEY)

By: Morgan Guaranty Trust Company of New York
Dated: June 10, 1994 as Fiscal Agent

The company has declared an interim dividend No. 162 of 45 cents per ordinary share in South African currency, payable to members registered at the close of business on 24 June 1994. Warrants payable on 3 August 1994 will be posted on 2 August 1994. Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the company. Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 24 June 1994, in accordance with the above-mentioned conditions. The register of members will be closed from 25 June to 1 July 1994, inclusive.

By order of the Board
per pro GOLD FIELDS CORPORATE SERVICES LIMITED
London Secretary,
S.J. Dunning, Secretary
United Kingdom Registrar:
Barclays Registrars
Bancroft House
34 Beckenham Road
Beckenham, Kent BR3 4TU

London Office:
Greenoach House
Francis Street
London SW1P 1DH

9 June 1994

Dividend No. 20 of 145 cents per preference share for the six months ending 30 June 1994 has today been declared in South African currency, payable to preference shareholders registered in the books of the company at the close of business on 24 June 1994. Warrants payable on 27 July 1994 will be posted to preference shareholders on 26 July 1994. Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the company. Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 24 June 1994, in accordance with the above-mentioned conditions. The register of members will be closed from 25 June to 1 July 1994, inclusive.

By order of the Board
per pro GOLD FIELDS CORPORATE SERVICES LIMITED
London Secretary,
S.J. Dunning, Secretary
United Kingdom Registrar:
Barclays Registrars
Bancroft House
34 Beckenham Road
Beckenham, Kent BR3 4TU

London Office:
Greenoach House
Francis Street
London SW1P 1DH

9 June 1994

CAA
نشرة معلوماتية
NOTICE TO FURNISH INFORMATION ON FLIGHT INSPECTION SYSTEM

- The Civil Aviation Authority of Pakistan is planning to modernize/upgrade its Flight Inspection System presently installed in its Beechcraft Super King 200 Aircraft.
- The desired semi-automatic Flight Inspection System should be capable of calibrating all the modern Communication, Navigation and Surveillance facilities in use at various airports of the world. A provision for future installation of GPS and MLS should also be made available in the system and quoted separately for price.
- The calibration system/console is to be capable of fitting in Beechcraft Super King 200 Aircraft.
- The interested firms are invited to furnish details of their system budgetary prices and time schedule for fabrication and installation of calibration console in the Aircraft on turnkey basis.
- Participating firms may be called upon to give presentation on the capabilities of their equipment at CAA Headquarters, Karachi.
- The detailed information along with break-down of price and supporting literature must reach Director Technical Services, Headquarters Civil Aviation Authority, 19 Liaquat Barracks, Karachi-4, Pakistan in sealed envelopes through secured mail by 1200 hours on 10th July, 1994.
- Firms are requested to participate directly and not through their representatives or commission agents.
- All correspondence is to be kept strictly confidential.
- Any additional information required by the participating firms can be had from Director Technical Services (Fax: 092-21-514497).

GENERAL MANAGER SUPPLY
Headquarters Civil Aviation Authority
Karachi, Pakistan.

European Investment Bank
Italian Lira 200 Billion Floating Rate Notes
and
Italian Lira 300 Billion Floating Rate Notes
due March 1996
Notice to the Holders

Notice is hereby given that the Notes will carry an interest rate of 7.51563 % per annum for the period 07.06.1994 to 07.09.1994.

- ITL 96,033 per ITL 5,000,000 nominal
- ITL 960,331 per ITL 50,000,000 nominal

Luxembourg, June 10, 1994

U.S. \$500,000,000
Formosa Plastics Corporation, U.S.A.
(Incorporated with limited liability of the State of Delaware)
Floating Rate Notes due 2001

In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from June 10, 1994 to December 12, 1994 the Notes will carry an interest rate of 6.575% per annum. The interest payable on the relevant interest payment date, December 12, 1994 will be U.S. \$16,380.21 per U.S. \$500,000 principal amount.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

June 10, 1994

Nationwide
\$250,000,000
Floating rate notes 1995
Notice is hereby given that the notes will bear interest at 5.2875% per annum from 8 June 1994 to 8 September 1994. Interest payable on 8 September 1994 will amount to \$133.27 per \$10,000 note and \$1,332.74 per \$100,000 note.

Nationwide Building Society
Agent: Morgan Guaranty Trust Company
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Registered Office: 13 rue Goethe, L-1637 Luxembourg
R.C. Luxembourg 5 27-229

DIVIDEND NOTICE

At the Annual General Meeting of Shareholders held on 26 May 1994 it was resolved to pay the following dividends:

United Kingdom Portfolio	£0.016 per share
Continental Europe Portfolio	DEM 0.038 per share
UK Growth of Income Portfolio	£0.012 per share
Europeira Portfolio	£0.0013 per share

to shareholders on record on 26 May 1994 with an ex-dividend date of 27 May 1994 and a payment date of 15 June 1994.

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Bloomberg's 5 chart window, US, EU, Asian and world wide data (PST charts, Currency and Free Communications) in 1994 is a 100% professional investment tool. It is the only chart window that can be used on a PC, a laptop or a PDA. It is the only chart window that can be used on a PC, a laptop or a PDA. It is the only chart window that can be used on a PC, a laptop or a PDA.

CAIS FutureView
Bloomberg's 5 chart window, US, EU, Asian and world wide data (PST charts, Currency and Free Communications) in 1994 is a 100% professional investment tool. It is the only chart window that can be used on a PC, a laptop or a PDA. It is the only chart window that can be used on a PC, a laptop or a PDA. It is the only chart window that can be used on a PC, a laptop or a PDA.

INTERNATIONAL COMPANIES AND FINANCE

Rhône-Poulenc clarifies action for US interest

By Richard Waters
in New York

Rhône-Poulenc, the French chemicals group, yesterday said it would not take any steps involving its 68 per cent interest in US drugs group Rhône-Poulenc Rorer without first consulting the company's management.

Earlier this week, the US company's shares leapt on news that its French parent was considering various options, including "transactions relating to business combinations, mergers or transfers of assets or securities".

The stock market saw that statement, contained in a filing with the Securities and Exchange Commission, as an indication that Rhône-Poulenc was considering buying out the remainder of its US subsidiary's shares.

Yesterday, in another filing with the SEC, the French company laid out consultation procedures it would go through if it planned to take any action. The company said the timing of the latest filing was purely an administrative matter, and had not been prompted by the reaction to its first statement.

Rhône-Poulenc Rorer's shares, which had jumped from \$33% before the first filing to \$38% on Tuesday, edged down \$1% yesterday morning, to \$36%.

When it acquired Rorer in 1990, Rhône-Poulenc signed a standstill agreement under which it cannot increase its holding before the end of July 1997, unless it first secures the support of a majority of the US company's non-executive directors.

Rhône-Poulenc Rorer, which suffered slightly lower profits last year, refused to comment yesterday, but referred questions to its French parent.

For 1993 the company made net profits of \$408.7m, down about 5 per cent on unchanged sales of \$4.02bn. Mr Robert Cawthorn, chief executive, said the results were "below what we had planned".

He said the environment facing the industry had been more difficult than expected, particularly in Germany and Italy.

Hollywood invests in Silicon Valley

By Louise Kehoe
in San Francisco

Mr Steven Spielberg, the Hollywood producer and director, is to collaborate with Knowledge Adventure, a California multimedia software company, in developing educational software for children.

Mr Spielberg has also invested in Knowledge Adventure, a privately-held company which is best known for its "Dinosaur Adventure" and "Space Adventure" titles that incorporate rich graphics and videos.

Terms of the investment were not revealed.

The collaboration brings one of Hollywood's best-known directors together with a leader in the multimedia software field. Mr Spielberg's recent successes include *Jurassic Park* and *Schindler's List*. He is renowned for his use of new technology in filmmaking.

"I've been following the growth in the multimedia software industry with great interest," said Mr Spielberg. "In particular, I've been impressed with the work being done at Knowledge Adventure."

Mr Spielberg's interest in the field of interactive computer software reflects growing ties between Hollywood and Silicon Valley as the entertainment and digital technology fields increasingly overlap.

Mr Spielberg said he has found common interests with Knowledge Adventure founder and chairman Mr Bill Gross. "Our sons are about the same age, and we are both devoting our energies to creating great experiences for them. I'm anxious to participate in innovative, enriching educational software," said Mr Spielberg.

Mr Spielberg is expected to be involved in developing a new line of software products for Knowledge Adventure. "I am thrilled to have Steven Spielberg involved," said Mr Gross. "I firmly believe that great educational experiences can be as exciting and engaging as entertainment."

Zenith Data climbs back into the ring

The French-controlled PC manufacturer could break even this year, writes Alan Cane

Tough controls on costs and quality together with a strategic collaboration with Packard Bell are at the heart of a turnaround at Zenith Data Systems which suggests the French-owned personal computer manufacturer could break even this year.

The company, formerly the computer arm of Zenith Electronics of the US, has been a heavy loss maker since its acquisition by Groupe Bull of France in 1989.

Analysts have attributed a substantial part of Bull's FF15bn (\$2.64bn) losses over the past three years to problems at the Chicago-based manufacturer, which until recently has been losing money on every personal computer it made.

Now that the French government has made it clear that Groupe Bull is to be privatised, the performance of its troubled personal computer arm has assumed a new importance.

Mr Jacques Noels, chairman and chief executive since January 1993, says there were three chief areas of concern when he took over.

First, quality. Returned systems and repairs cost the company some 20 per cent of its \$1bn revenues last year. Second, the lack of a line of low-cost, entry-level systems. Third, profitability.

"Our financials were absolutely catastrophic," he says without disclosing the level of losses.

Mr Noels, 53, took over from Mr Enrico Pesatori, now vice-president of worldwide sales and marketing for Digital Equipment, the US computer manufacturer.

Mr Pesatori, also 53, had been brought in from Olivetti in 1991 to restore ZDS's technological and market credibility after Bull ran into problems in the early stages of bedding-in its US acquisition.

Mr Pesatori, an expansive and charismatic executive, successfully catalysed the introduction of a new range of high-level personal computer and network servers but departed for Digital before the manufacturing bugs had been ironed out.

Mr Noels, quietly spoken with a fastidious attention to detail, set out on a "quality overkill" mission. Engineering and manufacturing practices were overhauled in response to information about faults collected by ZDS field staff. ZDS sales people were encouraged to join customers in opening the cartons containing newly delivered systems. "All sorts of things happen during transportation," Mr Noels says darkly.

The result has been, Mr Noels claims, a drastic improvement. Now the cost of faulty systems is less than 2



Jacques Noels: ZDS chairman on a "quality overkill" mission

per cent of sales. According to a survey carried out in the US by the consultancy J.D. Power & Associates, ZDS now ranks third behind IBM and Apple and just ahead of Compaq in quality.

The problem of an entry level PC line was mainly solved by the decision last year to buy a 19.9 per cent stake in Packard Bell of the US, the largest supplier of low-cost personal computers to retail chains such as Sears, Roebuck and Wal-Mart.

ZDS and Packard Bell develop and manufacture desktop computers jointly, while ZDS, which made its name in portable computing, provides

Packard Bell with notebook computers.

According to Mr Noels, the combined purchasing power of ZDS and Packard Bell is equal to that of Compaq. Furthermore, the deal gives ZDS access to 9,000 retail outlets in the US and to Packard Bell expertise in marketing low-cost, low-margin systems.

Today, ZDS offers a complete product line from entry-level desktop systems through notebooks and high end networks servers. A line of personal digital assistants is in development. The overall cost of research and development has been cut from 7 per cent of revenues to 2½ per cent

through the association with Packard Bell.

Overall, sales, general and administrative costs together with research and development expenses have been cut from 35 per cent in the middle of last year to 14 per cent now, helped by a reduction of 200 in the company's 1,700-strong workforce.

The results can be seen in the company's results. Revenues are expected to reach \$1.3bn to \$1.4bn this year, about a 30 per cent improvement on the year before. In the first quarter, worldwide sales were 73 per cent on the corresponding period last year, with especially strong growth seen in North America. The loss was about \$10m on \$300m of sales.

Mr Noels aim now is to establish ZDS as a global force in what he describes as "connected computing", the best way to network together machines from both the same and other manufacturers.

A first step was the introduction this year of a workgroup server designed in conjunction with the leading networking software supplier, Novell, to make networking simple and affordable. It won a prize at CeBit, the computer exhibition in Hannover, Germany.

The big prize for Mr Noels, however, remains to return ZDS to real and sustained profitability.

French groups join global satellite telephone system

The French telecommunications groups Alcatel Alsthom and France Telecom will join Globalstar, a global satellite-based mobile telephone system formed by US groups Loral and Qualcomm, AP-DJ reports from Paris.

Loral said France Telecom would own a 51 per cent interest in a joint venture with Alcatel, which will hold 49 per cent. Total investment in the

joint venture, called Tesam, is \$37.5m, and represents about 8.3 per cent of the ownership of Globalstar. Tesam will be an owner and service provider of Globalstar in France and "a number of other territories", Loral said.

Loral said Globalstar would begin service in 1998, and is expected to have revenues of \$1.8bn and 2.7m subscribers by the year 2002.

Reynolds Metals in Saudi venture

Reynolds Metals, the world's third-largest producer of aluminium cans, is to build an aluminium beverage can plant in Dammam, Saudi Arabia, with four local partners, writes Laurie Morse in Chicago.

The US group's partners in

the venture, in which it holds a 27.5 per cent stake, include the Olayan Group, which owns the Coca-Cola Bottling company of Saudi Arabia; the Olayan Financial Company; and two local soft drink and juice producers.

Mr Spielberg is expected to be involved in developing a new line of software products for Knowledge Adventure. "I am thrilled to have Steven Spielberg involved," said Mr Gross. "I firmly believe that great educational experiences can be as exciting and engaging as entertainment."

Three suits filed to block Times Mirror cable deal

By Louise Kehoe

Three law suits have been filed against Times Mirror, the US media group, seeking to block the proposed sale of its cable television operations to Cox Enterprises for \$2.5bn.

Times Mirror said it was in the process of studying and evaluating the complaints.

One of the suits, filed by a shareholder, raises objections to the terms of the deal relating to Chandler family trusts.

The Chandler family holds a 55 per cent controlling interest in Times Mirror. Other Times Mirror shareholders will receive stock in Cox Cable, a subsidiary of Cox

Enterprises, as part of the proposed transaction. The Chandler trusts, which are precluded from holding stock in Cox, will instead receive a new non-voting preferred stock. Times Mirror stock that will continue to pay dividends of about \$42.5m a year.

Times Mirror said this week that dividends paid to other shareholders would be substantially reduced when the proposed transaction is completed, to enable greater investment in digital media ventures.

Under the terms of the agreement with Cox, Times Mirror will also receive \$1.36m in cash through a debt swap arrangement.

Mexican steel group completes \$110m loan

Altos Hornos de Mexico (AHMSA), a Mexican steel company, has completed a six-year, \$110m syndicated loan, secured by export receivables, writes Tracy Corrigan. The facility was arranged by J.P. Morgan Securities.

Proceeds from the loan will be used to refinance AHMSA's short-term, peso-denominated debt.

The loan consists of two tranches. The first tranche was priced at 250 basis points above the London interbank offered rate (Libor) and the second tranche at a fixed rate equal to 270 basis points above the 3½-year US Treasury yield.

Canadians withdraw from bidding for Air Jamaica

By Canute James in Kingston

A Canadian investment group has pulled out of the consortium planning to buy financially troubled Air Jamaica from the island's government. The purchasers say this will not affect the timetable for a takeover, which is scheduled for July 1.

Cochrane Investments of Toronto, which was to have taken about a quarter of the 70 per cent stake being bought by the Air Jamaica Acquisition Group for US\$26.25m, could not agree with its partners on plans for the airline's operations or capital structure. "All parties agreed that it

was in the best interests of the project that the arrangements made with Cochrane be terminated," said Mr Peter Rousseau, chief negotiator for the purchasers.

The consortium is seeking a replacement, and appears set to reach an agreement with Mr Gordon Stewart, one of the Caribbean's leading hoteliers. Mr Stewart would not be drawn on whether he would become involved in the deal.

The agreement with the consortium, first announced a month ago, will leave the government with a 25 per cent stake in Air Jamaica, with 5 per cent being offered to the company's employees.

NOTICE OF EARLY REDEMPTION
CITIZENS FIRST BANCORP, INC.(the Company)
US\$20,000,0006¼% Convertible Subordinated Debentures Due August 1, 2001
(the "Debentures")

NOTICE IS HEREBY GIVEN that pursuant to Article 3 of the Indenture, the Company will redeem all outstanding Debentures at the redemption price of 100% of the principal amount on August 1, 1994 and interest thereon shall cease to accrue on that date.

Payment of principal and interest will be made against surrender of Debentures or Coupons at the specified office of any of the Paying Agents listed below. Such payments will be made by dollar check drawn on a bank in New York City or by transfer to a dollar account maintained by the payee with a bank in a European City. Each Debenture should be presented for payment together with all unattached Coupons. Such unattached Coupons (whether or not attached thereto) shall become void and no payment shall be made in respect thereof.

Subject to and upon compliance with provisions to Article 10 of the Indenture, at the option of the Holder thereof, any Debenture may, at any time prior to the close of business on the Business Day immediately preceding the date fixed for redemption, (August 1, 1994) be converted into duly authorized, validly issued, fully paid and non-assessable shares of Common Stock. As a result of a downward adjustment pursuant to the procedures set forth in Clause (1) of Section 10.08 of the Indenture, the conversion price of the Debentures was adjusted to \$10.27 per share effective as of September 30, 1992. No payment or adjustment will be made for accrued interest on a convertible Debenture, except if a Debenture is presented and surrendered for conversion after the date of this Notice of Early Redemption (the "Notice") (which date shall be the date such Notice is first published), the Debenture holder shall be entitled to receive accrued interest to the date of such Notice, together with the share of Common Stock into which the Debenture is converted. Any such payment of accrued interest shall be made through a Conversion Agent located outside the United States by check in the manner provided for payment in lieu of fractional shares as provided in Section 10.03 of the Indenture.

PAYING AND CONVERSION AGENTS

Morgan Guaranty Trust
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Company of New York
Avenue des Arts 35
B-1040 Brussels

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Company of New York
14 Place Vendôme
75001 Paris

Swiss Bank Corporation
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CH-4002 Basle

Banque de Luxembourg S.A.
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1661 Luxembourg

CITIZENS FIRST BANCORP, INC.
By: Morgan Guaranty Trust Company
as Trustee

Dated: June 10, 1994



The Survey will report on the outcome of the April elections, and profile South Africa's new president. It will provide comprehensive coverage of South Africa's economy, trade and industry.

For more information on editorial content please contact:

Dave Routledge in London
Tel: 071 873 3238
Fax: 071 873 3595

Chris Manson in Johannesburg
Tel: (2711) 803 8079
Fax: (2711) 803 5298

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FRN 1990/2000

Bondholders are hereby informed that the rate applicable for the ninth period of interest has been fixed at 4.9375%.

The coupon N° 9 will be payable on December 8th, 1994 at the price of:

- USD 250.99 for the USD 10 000 nominal amount of notes

- USD 250.99 for the USD 100 000 nominal amount of notes.

The period has 183 days of interest as from June 8th, 1994 to December 7th, 1994. The Reference Agent and Fiscal Agent

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Forward Survey Programme

Telecommunications in Business: 15 June
Mobile Communications: 7 September
Cable and Satellite Broadcasting: 4 October
International Telecommunications: 18 October

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June 10, 1994 London

By: Citicorp, N.A. (Issuer Services), Agent Bank

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COMPANY NEWS: UK

Shares lose 28p as costs of Italian silver disposal hit results

Johnson Matthey falls 11%

By David Blackwell

The cost of disposing of its Italian silver business helped to push 1993-94 profits down by 11 per cent at Johnson Matthey, the precious metals technology group. The shares fell 28p to close at \$38p.

First-half profits were \$66.4m on turnover of £1.96bn for the year to end-March, compared with a previous \$73.8m on turnover of £1.85bn.

However, continuing activities showed operating profits rose by 35 per cent to \$81.8m (\$70.8m) on turnover of £1.84bn (£1.76bn).

Mr David Davies, chairman and chief executive, said all four divisions had shown higher profits. At the same time the group had embarked on several joint ventures which would enable it to expand globally.

The group was moving from the cost cutting cycle of the past few years into a cycle of growth, he said, citing the group's ceramics venture with Cookson, planned autocatalyst plants in Malaysia and Mexico, and an electronics venture with Mitsubishi in Japan.

The improvement at operating level was fuelled by the materials technology division, which lifted profits from \$20.8m to \$28m. Mr Davies said that biomedical products had continued to be a good profit earner, and the electronics materials side had lifted profits in North America by 60 per cent in sterling terms.

Profits at the automotive

catalysts division rose from \$27.1m to \$28.2m, with strong demand from North America offsetting a 15 per cent decline in the European car market.

Precious metals profits edged ahead from \$20.8m to \$20.8m. A rise in the price of platinum from \$315 a troy ounce to \$265 in the period was offset by a further fall in the rhodium price, from \$1,253 a troy ounce to \$835.

The colour and print division improved profits from \$11.3m to \$12m.

Exceptional charges totalled \$11.7m, compared with an exceptional gain of \$3.7m previously.

The book loss of \$3m on the Italian sale, announced yesterday, was offset by the disposal earlier in the year of the UK and Irish jewellery businesses at a profit of \$2.3m. A provision of \$5m has been charged for restructuring costs on Cookson Matthey Ceramics, the joint venture with Cookson announced last March, and due to start on July 1.

Earnings per share were 23.7p, down from 27.1p. Earnings before exceptional were 27.9p. A final dividend of 5p is proposed, giving a total for the year of 11.4p (10.5p).

COMMENT

The fall in the share price was surprising. Apart from the sale of the Italian business, the results were in line with City expectations. Further growth is expected. The group is investing a lot of money in the



David Davies: creating joint ventures to boost global expansion

future. Capital expenditure, at \$55.4m, was more than twice the depreciation charge, and research and development spending at \$28.5m was also at a record. It is taking its electronics expertise to Japan and its autocatalyst expertise to east Asia and Mexico. By linking with Cookson, it is turning

the small colour and print division into a business big enough to compete on global terms in the ceramics industry. Next year profits should be about \$20m, which gives a multiple of more than 17. This might look expensive in the short term, but longer term the prospects are good.

AGM told HTV makes good start to year

By Raymond Snoddy

Mr Louis Sherwood, chairman of HTV, told shareholders at the annual meeting yesterday that the year had started very well for the ITV broadcaster to Wales and the west of England.

In the five months to the end of May, HTV sales revenue rose by more than 10 per cent, against 7.5 per cent growth for ITV as a whole.

His share of total ITV revenue had now risen to more than 6.1 per cent compared with 5.9 per cent.

Mr Sherwood was still taking a cautious view of the full year but said: "I must reiterate that we are feeling very positive about every aspect of our business."

He also called for a new broadcasting act to deal with the anomalies of the 1990 legislation.

At the meeting the company spelled out the progress made since the alliance was announced with Flextech and its parent organisation, United Artists European Holdings, which in turn is part of Tele-Communications of the US.

A £2m contract for 20 months has already been signed to provide facilities and operational management for Wire TV, the UK cable television channel. Programme development contracts have been signed with both the US and European Discovery channels and there is the possibility of a number of high-volume programme supply agreements.

Magnolia makes Czech buy

Magnolia Group, the picture frame manufacturer and publisher, is buying a 51 per cent interest in Lira, a Czech picture frame company, for \$52.5m (£21.2m).

Magnolia also warned that its results for the first half of 1993 would be disappointing. Increased marketing costs and delayed orders were blamed.

The shares fell 9p to 85p.

Cost cutting behind 25% rise at Chubb to £77.14m

By Simon Davies

Cost cutting at Chubb Security enabled the electronic alarm and locks group to achieve a 25 per cent increase in pre-tax profits to £77.14m for the year to end-March.

The improvement in profits, from last year's £51.76m, was scored from a turnover just 1 per cent ahead at £701m (£688m). The shares fell 25p to 335p, reflecting concerns over the level of sales growth.

The UK and Asia Pacific markets produced strong growth, but the US and Europe were affected by a downturn in sales, primarily in their fire systems business.

The figures were affected by currency movements and an accounting policy change on currency translation. This reduced turnover by £12m and pre-tax profits by £1m.

Mr David Peacock, chief executive, said sales for the first two months of the current year were on target, and were "meaningfully ahead" of the

previous year.

Since the company demerged from Racal in October 1992, management has focused on boosting both market share and reducing costs.

Last year, the company made around 500 redundancies worldwide but overall redundancy and reorganisation costs fell £3.4m to £4.9m, and the pace of restructuring should slow.

Operating profits from the group's electronic security division rose 13 per cent to £41.78m, with profit margins improving from 10.8 per cent to 11.5 per cent.

On the physical security side, profits grew 21 per cent to £36.37m and margins from 8.8 per cent to 10.5 per cent.

Chubb is investing £8m in plant equipment in the current year, and plans to introduce 16 new product ranges and expand its sales force in a push to increase market share.

It is also developing in emerging markets. Sales in China grew to £24m last year,

and Chubb is expanding its sales presence there. This should help make up for continuing weakness in the US and European markets, where sales fell £7.7m last year.

At the year end, Chubb had built up a net cash position of £35.3m.

A recommended final dividend of 4.25p makes a 8.25p (4.75p) total. Earnings amounted to 18.4p (12.47p).

COMMENT

Chubb came out with a good set of results, but the problem it now faces is how to deliver more. It has relatively mature markets, and a level of efficiency which is getting harder to improve. The push into new markets, combined with the upturn in western economies, should help it achieve pre-tax profits of about £90m in the current year. This puts the shares on a p/e ratio of 17.3, even after today's fall. On those expectations, it seems unlikely to continue outperforming the market.

Oxford Instruments up 21%

By Paul Taylor

A recovery in demand for its products helped Oxford Instruments, the advanced instrumentation group, report a 21 per cent increase in full-year pre-tax profits yesterday.

For the 12 months to March 27 profits increased to \$12.8m (\$10.6m) pre-tax. The advance was achieved on turnover up by 11 per cent to £111m (£101.1m) reflecting a 22 per cent rise in new orders to \$117m.

Some 85 per cent of group sales were made overseas with Japanese sales growing particularly strongly - mostly reflecting volume growth.

Earnings per share increased by 13 per cent to 17p (15p), reflecting a slightly higher tax charge of 35.5 per cent (31.6 per cent).

A proposed final dividend of 3.4p (3.1p), makes an increased total of 4.9p (4.5p).

The shares closed up 27p at 307p.

Mr Peter Williams, chairman

and chief executive, said, "while it is too early to talk of long-term sustained recovery in all our markets, orders nevertheless rose in the majority of our businesses although patient monitoring and nuclear measurement continued to experience rather more difficult trading conditions."

Operating profits more than doubled, from £3.46m to £7.15m, with the group's core businesses in superconductivity continuing to make the main contribution to profits.

Income from the group's 49 per cent stake in Oxford Magnetic Technology, the MRI scanner joint venture with Siemens, slipped to £5.14m (£6.05m). Despite the decline, OMT shipped more than 300 magnets last year, and Mr Williams said it represented "another excellent profit performance."

Interest income fell to \$457,000 (£1.1m), however the strong cash flow in the second half boosted net cash to £7.9m, which was slightly higher than

a year earlier.

COMMENT

Oxford managers decided to use most of the benefits of currency movements to trim prices and boost market share last year and one effect was to boost sales per employee by 13 per cent to \$90,400. Profit margins widened from 3.4 to 6.4 per cent but still lag way behind their historic high of 18 per cent. Improving demand should help boost margins back towards these levels, although some businesses, particularly patient monitoring, remain sluggish and very competitive. Meanwhile the group is hopeful a buyer will be found for its second \$25m (£18m) synchrotron - its has spent \$6.8m on construction so far. Pre-tax profits of £14.8m look possible producing earnings of 20.1p this year. Given the growth prospects, the shares probably deserve to be trading on a higher forward multiple than the 15.3 they currently command.

Scapa edges ahead to £48.5m

By David Blackwell

Pre-tax profits of Scapa Group, the supplier of consumable products to the paper industry, edged 8 per cent ahead from \$87m to a record \$94.5m for the year ended March 31.

Mr Harry Tuley, chairman, said there were signs that the paper industry "is on a long-term recovery path from a very depressed base." But he also pointed to the "increasingly significant results" of the group's industrial materials division, which would provide an alternative route to earnings growth.

Turnover rose by almost 13 per cent from \$247.3m to \$281.7m. About 80 per cent of the group's products are made or sold overseas, and currency factors accounted for £11m of the increase. A further £16.2m arose from acquisitions.

Operating profits increased by \$3.8m to \$55.5m. However, currency gains accounted for \$2.9m of the advance and

£1.8m came from acquisitions.

The group generated a positive cash flow of £17.3m, up from £4.3m. Capital expenditure at £19.7m was the lowest since 1987 - Mr Tuley said the group felt it had enough capacity and was being cautious. He expected it to return to the recent average of £25m in the current year.

The paper and related industries division reported profits of \$41.4m on turnover of \$229.2m, up from \$40.4m on \$208.3m. The US market - Scapa's biggest - took higher physical volumes, but prices remained under pressure.

The industrial materials division lifted operating profits from \$11.3m to \$14.1m, and sales from \$189m to \$182.5m.

The division includes specialty adhesive tapes, sales of which are now more than \$70m following the acquisitions of Saba and Barnier in France.

The group is searching for further acquisitions, probably in North America, "to

build on the critical mass now established."

Net interest payable rose from \$4.7m to \$7m.

Earnings per share were 13.5p, down from 13.8p, and a final dividend of 4.23p (4.03p) is proposed, taking the total to 5.89p (5.63p).

COMMENT

The shares reacted to slightly lower than expected profits with an 11p fall to 41p. The company's cautious statement could prove to be a little too gloomy, although there is likely to be a time lag before any improvement in the paper industry itself feeds through to the suppliers. Nevertheless, it has increased its market share of paper industry supplies and maintained profits throughout the recession, putting itself in a strong position to benefit from any recovery. Profits this year of about \$54m give a prospective multiple approaching 15 - a solid hold.

NEWS DIGEST

Recovery continues at Drummond

The recovery seen in the first half at Drummond Group, the wool-based fabrics manufacturer, continued in the second half resulting in pre-tax profits of £716,000 for the year to March 31, against losses of £328m.

The result was helped by exceptional profits this time of £286,000, compared with a net charge of \$9.5m mainly relating to reorganisation costs. Finance charges were lower at \$473,000 (\$894,000).

Turnover was \$43.6m, against \$45.6m which included \$5.7m from discontinued activities. Operating profits on continuing activities amounted to £988,000, against losses of \$542,000.

Earnings per share were 1.79p (losses 23.63p). The board believes a restoration of the dividend would be premature but expects to pay one for the present year.

Australian judgment hits CE Heath shares

CE Heath, the insurance broker, warned yesterday that it would have to make an exceptional provision of about \$850m (\$32.5m) in its results for the year to March 31 following a judgment in the High Court of Australia.

Its shares fell by 34p to close at 389p.

As a result of the judgment, CE Heath Underwriting and Insurance (Australia), a wholly owned subsidiary, will not be able to recover certain amounts from the Accident Compensation Commission in Victoria previously accrued.

Premier Land achieves £146,000

Premier Land, the property investment group, achieved pre-tax profits of £146,000 for the six months to March 31. For the previous nine months, before the company divested its mining interests, there were losses of £719,900.

Rent for the period amounted to £1.7m while net

Progress continues at Alphameric

Alphameric, the information technology group, continued to progress through the second six months and for the year to end-March swung from losses of £221,000 to profits of \$453,000 pre-tax.

Turnover improved from \$6.89m to \$10.5m. Earnings per share moved through at 1.1p (losses 1.4p). There is again no dividend but the cash position remains healthy with nil gearing.

Melville Street net asset value ahead

Melville Street Investments, which specialises in the provision of development capital to small and growing companies, saw a rise in its net asset value from 140p to 187p per share over the year to April 30.

Net revenue for the 12 months improved from \$800,758 to \$950,775 for earnings per share of 6.1p (4.8p). A final dividend of 2.7p is proposed for a 4.2p (4p) total.

Regent share offer for First Choice

Regent Corporation, the house-builder, is making a share offer valued at £2.68m, for First Choice Estates. The deal, recommended by First Choice directors, will be satisfied by the issue of 6.26m Regent new ordinary 1p shares.

Regent is making a 5-for-6 offer for the ordinary shares and offering 23 for every two A ordinary. Underlying net assets of First Choice, a residential property developer, were £2.27m at September 30 1993.

Bristol Scotts cuts loss to £246,000

Losses in its restaurants division fell the pre-tax deficit at £246,073 at Bristol Scotts for the 1993 year, against losses of £258m.

The property and leisure group has decided to close the division and since the year end

World Fluids start to 1994 'disappointing'

The board of World Fluids Holdings, the specialist chemicals and additives manufacturer, yesterday warned that trading for the first four months of the current year had been disappointing and well below expectations.

The company pointed out, however, that this was in common with most companies operating in the sector, where oil prices affected their results.

The statement was in response to a recent sharp fall in the shares, which earlier this year touched 40p, but yesterday stood at 18p.

Thomas French down at £0.55m

Thomas French & Sons, the home decorative accessories group, reported pre-tax profits down from £725,000 to £551,000 in the half year to April 2. Turnover was £256,000 ahead at £7.78m.

There was an exceptional charge this time of £185,000 relating to unrecoverable deferred consideration after the purchaser of Kaz Krafts, sold in January last year, went into receivership.

The interim dividend is unchanged at 1.45p from earnings per share of 4.12p (3.95p).

MMI expands via £5m purchase

MMI, the business communications company, is paying up to £7.75m for WMGO group, which has interests in broadcast and press advertising, sales promotion, direct marketing and media planning and buying.

On completion the enlarged

group will be renamed WMGO Group.

The vendors will retain shares to the value of £3.68m, while the £1.32m balance of the initial £5m purchase price will be included in a placing and open offer by Beeson Gregory to raise £1.94m net of expenses. There is a clawback for existing shareholders on a 10-for-31 basis.

A further payment of up to £2.75m is dependent on profits. MMI is expecting pre-tax profits of not less than £1.2m for the year to end-February. It incurred losses of \$478,000 for the first half of 1993. For the 12 months to September 30 1993, WMGO returned £207,000 at the pre-tax level.

Caffyns jumps to £707,000

Despite an increase in stock write-downs Caffyns, the motor dealer, reported a jump in pre-tax profits from £262,000 to £707,000 for the year to March 31.

Turnover increased to £150.9m (£123.9m). Operating profits moved ahead to £1.7m (£1.42m) and the pre-tax result was helped by lower interest charges of £983,000 (£1.16m).

Earnings per share advanced to 14.7p (0.8p) and the dividend is held at 11.5p with an unchanged final of 6.5p proposed.

Prudential sells a Canadian offshore

Prudential Corporation is selling the Canadian group insurance business of its Canadian subsidiary to Sun Life Assurance of Canada for C\$32.5m (£15.7m) cash.

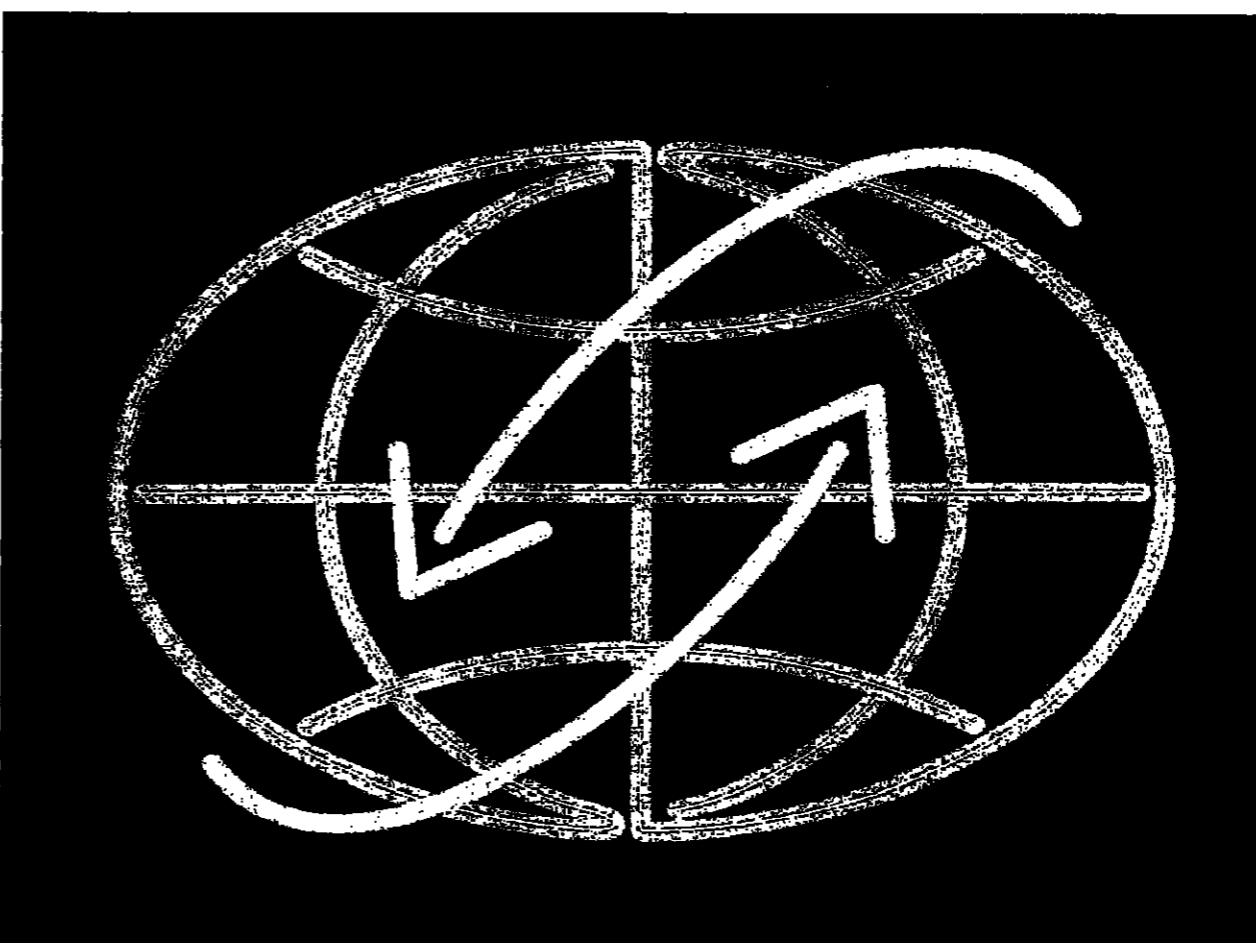
Unitex makes US acquisition

Unitex, the maker of electronic power supplies, connectors and control products, is paying £12.3m (\$8.2m) cash for the Intech/Advanced Analog electronics business of Intech.

Advanced Analog makes electronic components, mainly in the US and primarily for the military and aerospace markets. Of the consideration, \$11.3m was paid on completion and \$1m will be paid in 12 months time, provided certain conditions are met.

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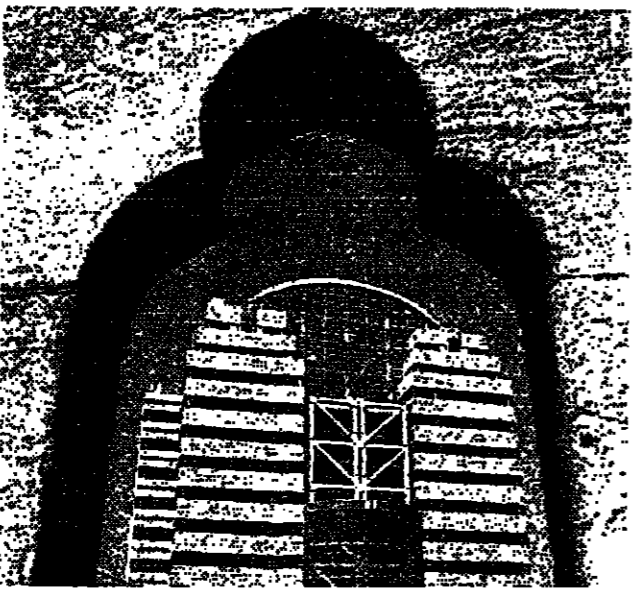
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Siemens - switching to mobility

PROPERTY

A quiet revolution

One of the UK's richest landlords is changing its approach, says Vanessa Houlder



Alban Gate in the City, developed by the corporation and MEPC

The row over rent increases at Smithfield market in London has put the spotlight on one of the country's richest landlords - the Corporation of London.

The rumpus, which has arisen as a result of the need to meet the costs of upgrading hygiene standards to European Union requirements, brings into the public eye the corporation's eclectic property portfolio.

Its holdings, which date back to medieval times, embrace about a quarter of the Square Mile in the City of London, along with extensive holdings in the West End and other parts of the capital. For example, the corporation owns New Bond Street, which was acquired in the 17th century as water-gathering lands.

The pace of change in such a traditional and long-standing portfolio has, inevitably, been slow. But, according to Mr Peter Bennett, the corporation's deputy surveyor, the workings of the 500-year-old surveying department, which oversees the corporation's portfolio, has undergone "dramatic change" over the past six years.

The corporation's independence and deep pockets have helped insulate it from the ravages of the property collapse at the end of the 1980s. Nonetheless the corporation has moved away from its traditional style of estate management and adopted a tougher approach towards performance management.

"Over the past two years, we have been asking whether we are justified in having this much property. We analysed our portfolio in 1990 when we looked at every property and assessed its current and potential performance," said Mr Bennett.

Some properties were earmarked for sale because they were ill-suited to the portfolio or would require too much management effort. So far the corporation has sold about 510m of property. A few more properties are expected to be sold this year. However, Mr Bennett added, "We are not flooding the market."

The corporation's investment properties are divided into three portfolios:

• the local authority portfolio, which is valued at between £150m and £200m. Much of this portfolio comprises second world war bomb-damaged property, principally around the London Wall area, which

was bought post-1945 for redevelopment.

• Bridge House Estate, valued at between £150m and £200m. Revenue from these properties, many of which were bequeathed during the Middle Ages, are used to maintain City bridges: Tower, London, Southwark and Blackfriars. The corporation is appealing to parliament to change its constitution: this would enable the authority to use the fund for other purposes. A decision is expected within the next few months.

• City Estates, valued at between £300m and £400m. Revenues from this fund are used to replenish the corporation's private purse, which is used to maintain Epping Forest, Hampstead Heath, the Port Health Authority, quarantine facilities at Heathrow, Guildhall School of Music, Barbican Centre and at Billingsgate and Smithfield markets.

In many cases, the corporation merely owns freeholds while buildings are owned by leaseholders. In its City Estates

portfolio, for instance, buildings represent between just 10 per cent and 15 per cent of the portfolio while the remainder is freehold.

The corporation's concentration on freehold rather than leasehold interests has blunted the impact of recent market peaks and troughs on its portfolio. "In a period of depression like the one we have been through, the effect of vacancies has been very limited," said Mr Bennett. After peaking at 10 per cent, the corporation now said it had "embarrassingly little" property to offer prospective tenants.

The authority's ability to offer space at cheap rates has played a part in its recent marketing campaign to reinforce London's role as Europe's leading financial centre. It has been able to make space available in the City for representative offices, such as the Polish Business Centre which is based at the London Wall buildings.

As demand for City property starts to pick up, the corporation is also dusting down its

development programme. The programme tailed off during the recession, although the corporation has recently completed a £12m redevelopment of 1-7 Whittington Avenue and the rebuilding of Boston House on the corner of New Broad Street and Old Broad Street. The corporation is working on a £35m development of an art gallery in Guildhall Yard - a complex scheme, adjacent to listed buildings and positioned over remains of a Roman amphitheatre.

Schemes currently on the drawing board include a project in Tottenham Court Road, where the corporation wants to build a 200,000 square foot retail and office complex on the site currently occupied by a set of empty warehouses. The site has been owned by the corporation since 1974 when, as agricultural land, it generated £4 a year in rental income.

The corporation is also considering developing two sites which it owns at Ludgate Hill, totalling 247,000 sq ft. The scheme may be delayed, however, because the proposed designs have not found favour with the Royal Fine Arts Commission. Archaeological investigations, which are likely to reveal important findings relating to the medieval City wall, are already under way.

It is reluctant to expose itself to too much development risk. "We will do developments where there is an opportunity to make a good return and where the size of the scheme is not too large. We do not want to over-expose ourselves," said Mr Bennett.

The authority prefers to find development partners as it did with the Little Britain scheme in Aldersgate Street, which was developed with Wimpey Property Holdings and Nippon Life, and at Alban Gate, which it developed in partnership with MEPC Developments.

The corporation has put together a string of sites for which it wishes to find either buyers or development partners - and it has marketed these at exhibitions in Hong Kong and southern France.

The task of selling development sites in the City is not made easier by the potential oversupply if developers acted on the large numbers of planning permits that have already been granted. However, Mr Bennett said that there is growing interest from developers. "The key is to find the right product in the right location," he says.

The communications highway.

A route map.

On Wednesday, June 15 the Financial Times will publish a survey on Telecommunications in Business.

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COMMODITIES AND AGRICULTURE

US crop forecast hits wheat prices

By Laurie Morse in Chicago

Wheat prices at the Chicago Board of Trade fell sharply after the US Department of Agriculture increased its monthly estimate of the US harvest now in progress, and failed to make the expected cuts to its projections for crops in China and the former Soviet Union.

The USDA's estimates ran counter to private estimates that show China and former Soviet crops under stress from long-term dryness.

The department's figures also failed to reflect new data from Oklahoma, where the winter wheat harvest is nearly one-third complete and yields

are down substantially from last year, analysts said. Maize and soybean futures prices rose, as traders continued to focus on unusual dryness in the Midwest.

Mr Bill Biedermann, a market analyst with Allendale, was puzzled by the USDA's failure to adjust its crop prospects for the countries that have historically been North America's biggest wheat customers.

"We've been concerned for 30 days about dryness in China and in what used to be Russia. Now the government is saying there is no change in those [wheat] crops from May to June," he said.

The USDA maintained its

wheat production estimate for Russia at 38.5m tonnes, though it lowered output for the former Soviet Union to 74.3m tonnes, from 74.8m a month ago. China's crop is projected to be near last year's record, at 105m tonnes.

The agency boosted its US winter wheat production estimate to 1.67bn bushels, above market projections for 1.63bn and up from its own estimate of 1.65bn a month ago. The total US wheat crop, including spring wheat, is now estimated at 2.57bn bushels.

Analysts said the report, which was based on crop conditions as of June 1, did not reflect new information that the wheat harvest now in progress

in Oklahoma, a major winter wheat state, had been disappointing.

Farmers in south-western Oklahoma are reporting surprisingly low yields in newly harvested fields.

Mr Tom Diehl, executive director of the Oklahoma Wheat Commission, says yields are ranging from 20 to 25 bushels an acre, making the USDA's projection of 30 bushels look optimistic. Mr Diehl expects, however, that yields will improve as the harvest moves north. "I'm hoping for a 154 to 155m bushel crop this year," he says. That would be down about 6 per cent from last year's wheat harvest of 163m bushels.

'Chemicals vital for African agriculture'

By Deborah Hargreaves

Africa will have to start using large amounts of chemical fertilisers if the continent is ever to solve its own food problems, according to Mr Norman Borlaug, a prominent agriculturalist, who won the Nobel Peace prize in 1970 for engineering India's "green" revolution.

Mr Borlaug told a meeting of the Overseas Development Institute yesterday. "Some people say that Africa's food problems can be solved without the application of chemical fertilisers. They're dreaming. It's not possible."

He said that the environmentalists advocating traditional farming methods failed to recognise the rapid growth in population expected in the continent. The population of sub-Saharan Africa was set to double in the next 22 years, he claimed, which would put a considerable strain on non-chemical farming.

China had managed to transform its production of cereals in the five years between 1975 and 1980, increasing yields by a tonne a hectare by using chemical fertilisers, Mr Borlaug said. China's output of cereals had risen from 238m tonnes to 285m tonnes during that period even though farmers had already been using organic compost on the land.

Today China produced the most cereals in the world with average yields of 4 tonnes per hectare, Mr Borlaug said.

Sub-Saharan Africa had the lowest use of fertiliser in the world and soil nutrients were so low that other efforts to raise crop productivity would not be successful until fertility was improved.

Mr Borlaug said, however, that it was extremely expensive for African countries to import fertilisers, and he called on industrialised nations to provide the continent's farmers with access to adequate inputs.

Ecuador looks to Amazon for oil production boost

By Raymond Gault in Quito

The Ecuadorian government has awarded international petroleum companies rights to explore 2m hectares of Ecuador's Amazon rain forest. The move is seen as evidence of the government's determination to boost proven crude oil reserves and increase production dramatically in the coming decade.

Over the next three years, production is expected to increase by about 30 per cent from new fields coming on line.

The so-called Seventh Round of bidding has created great interest among foreign investors because of the area's promising geological structures and the government's recently-introduced, market-oriented reforms.

Ten companies, among them

the US majors, Mobil and Amoco, are to sign contracts with the government before the end of the year. Other US companies are participating in consortia with Canadian, Kuwaiti and Chilean companies.

The new contractual basis awards oil companies between 65 and 85 per cent of production rather than the previously fixed level of compensation. The companies are contracted to drill 17 wells, beginning in July of next year, and have up to four years to complete the exploratory phase. Production is expected to begin in 1999.

The exploratory phase will require an estimated US\$142m in foreign investment, of which a total of \$6.7m will go towards environment protection efforts. Mr Francisco Acosta, the energy minister, stressed that

the government would apply strict environmental regulations.

According to officials of the state oil company, Petroecuador, prospects for discovering crude oil are good. So far 54 per cent of the exploratory wells drilled in the country have yielded positive results. In some of the blocks on which concessions have been awarded, oil fields have already been discovered, though not explored.

New discoveries are expected to be of heavy crude oil. The average API has already dropped from 30 to 28 and is forecast to fall to near 25 by 1999.

Two companies, BHP King and Tripetrol, have been awarded rights to explore for natural gas in the Gulf of Guayaquil on Ecuador's Pacific coast.

Talks on cocoa output management break down

By Deborah Hargreaves

Members of the International Cocoa Organisation, who are meeting in London this week, have failed to agree on rules covering a new production management deal which was implemented in February.

On Wednesday the organisation agreed a new set of output and consumption estimates to underlie their discussions for the next 5 years.

However, talks broke down yesterday when consumers complained that their views were not adequately represented enough on the production committee. ICOC members have suggested opening their talks in September 2 days earlier to discuss consumer representation.

Meanwhile the cocoa market appeared unmoved by the organisation's vacillations and prices at the London Commodity Exchange were more influenced by the fortunes of the coffee market. At the close of trading, the September cocoa futures price recovered earlier losses to finish unchanged at \$1,003 a tonne.

Chilean copper project expected to begin producing this month

By David Pilling in Santiago

Quebrada Blanca, the first of several medium and large-scale copper projects scheduled to start up in Chile over the next few years, is expected to begin production by the end of this month, according to Mr James Drake, general manager. The mine, a \$300m Canadian-Chilean project, should reach full capacity of 75,000 tonnes of grade A copper cathodes by the start of 1995 and is expected to have a life of 14 years.

Quebrada Blanca is a Chilean-registered company formed by shareholders Cominco, Cominco Resources International and Teck Corporation of Canada, which have a total equity stake of 75.5 per cent, Minera Pudahuel of Chile (13.5 per cent) and state company Empresa Nacional de Minería

(10 per cent). Cominco is responsible for design, construction and operation of the mine, which will have a staff of 500.

Quebrada Blanca will use bacterial heap leaching and solvent-extraction-electrowinning (SX-EW) technology to exploit the 80m-tonne secondary sulphide ore body, which has an average grade of 1.3 per cent copper.

Production costs at the mine, situated in the far north of the Atacama desert at an altitude of 4,300m, are expected to be less than 50 cents a pound.

When the main deposit is exhausted, the company will decide whether it is feasible to exploit the 200m-tonne primary sulphide ore body, which has a much lower copper grade of 0.5 per cent. "It may be that it is viable - by that time the technology may be better and the

price of copper may make it economically justifiable," said Mr Drake.

Quebrada Blanca is just one of several new projects that are expected to raise Chilean copper production - already the highest in the world - by a further 1.3m tonnes to 3.5m tonnes by the year 2000.

Other projects due to start up before then include Cerro Colorado (annual production of 40,000 tonnes), the giant Collahuasi deposit (300,000), Zaldívar (150,000) and El Abra (225,000).

Much of the new production will use SX-EW technology, far less environmentally destructive than traditional methods that require a smelting process. By the turn of the century, about 25 per cent of Chilean copper should be produced using this technique, compared with 8 per cent last year.

German states agree on 'mad cow' ban

Germany's 16 states have agreed to ban slaughter of cattle imported from the UK that might be infected with "mad cow disease", the agriculture ministry said yesterday,

reports Reuters from Bonn.

An official said state veterinary authorities had agreed on a package of measures that several states began taking last week against bovine spongi-

form encephalopathy. Besides the slaughter ban, measures include observation and veterinary checks on suspect herds. Cattle of UK origin can only be sold by official permission.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Associated Metal Trading)

ALUMINIUM, 99.7 PURITY (% per tonne)

	Sett	Day's	High	Low	Open	Close
Close	1358.5-4.5	1358.5-4.5				
Previous	1358.5-1.5	1379-8				
High/Low	1358.5/1352	1377/1374				
AM Official	1358.5-4.5	1379.5-4.5				
AM Official	1358.5-4.5	1379.5-4.5				
Open Int.	250,253	40,823				
Total daily turnover	40,823					

ALUMINIUM ALLOY (% per tonne)

	Sett	Day's	High	Low	Open	Close
Close	1373-8	1373-8				
Previous	1370-8	1370-7.5				
High/Low	1370-8/1370	1370/1370				
AM Official	1370-8	1370-7.5				
AM Official	1370-8	1370-7.5				
Open Int.	3,318	1370-8				
Total daily turnover	594					

LEAD (% per tonne)

	Sett	Day's	High	Low	Open	Close
Close	520-1	520-1				
Previous	515-5	515-5				
High/Low	520-1/515	515/515				
AM Official	520-1	515-5				
AM Official	520-1	515-5				
Open Int.	36,838	520-1				
Total daily turnover	6,890					

NICKEL (% per tonne)

	Sett	Day's	High	Low	Open	Close
Close	6400-5	6400-5				
Previous	6390-50	6475-80				
High/Low	6400-5/6390	6475-80/6400				
AM Official	6400-5	6475-80				
AM Official	6400-5	6475-80				
Open Int.	56,003	6400-5				
Total daily turnover	15,102					

TIN (% per tonne)

	Sett	Day's	High	Low	Open	Close
Close	6900-15	6900-15				
Previous	6900-4	6900-40				
High/Low	6900-15/6900	6900/6900				
AM Official	6900-15	6900-40				
AM Official	6900-15	6900-40				
Open Int.	16,780	6900-15				
Total daily turnover	3,779					

ZINC, special high grade (% per tonne)

	Sett	Day's	High	Low	Open	Close
Close	962-3	962-3				
Previous	957-8	962-3				
High/Low	962-3/957	962-3/957				
AM Official	962-3	962-3				
AM Official	962-3	962-3				
Open Int.	103,825	962-3				
Total daily turnover	17,109					

COPPER, grade A (% per tonne)

	Sett	Day's	High	Low	Open	Close
Close	2386-7	2386-7				
Previous	2370-1	2370-1				
High/Low	2386-7/2370	2370/2370				
AM Official	2386-7	2370-1				
AM Official	2386-7	2370-1				
Open Int.	215,113	2386-7				
Total daily turnover	91,302					

LME Official 2% rate, 1.9917

	Sett	Day's	High	Low	Open	Close
Close	108.30	108.30				
Previous	108.40	108.30				
High/Low	108.30/108.30	108.30/108.30				
AM Official	108.30	108.30				
AM Official	108.30	108.30				
Open Int.	108.30	108.30				
Total daily turnover	61,191	108.30				

LME Official 2% rate, 1.9917

	Sett	Day's	High	Low	Open	Close
Close	108.30	108.30				
Previous	108.40	108.30				
High/Low	108.30/108.30	108.30/108.30				
AM Official	108.30	108.30				
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LME Official 2% rate, 1.9917

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High/Low	108.30/108.30	108.30/108.30				
AM Official	108.30	108.30				

Why crocodiles may come
up smelling of roses
Page 3

UGANDA

Friday June 10 1994

Gentle giants in Bwindi
help boost tourist trade
Page 4

A country once synonymous with tyranny and economic disaster is undergoing a transformation.

Tourists are returning to Uganda's game parks. Asians expelled by Idi Amin are returning to reclaim homes and businesses. And IMF officials have taken up residence in the Central Bank offices in Kampala, where they are scratching their heads over a rarely encountered problem: how to cope with an appreciating African currency.

Eight years after Yoweri Museveni, then 41, and his National Resistance Movement fought their way into power, Uganda has made remarkable progress in overcoming a grim legacy as any African government has known.

The chaos and slaughter of the eight-year regime of Idi Amin, and the havoc wrought by the war that finally toppled him in April 1979, would have been challenge enough.

It defeated no fewer than three governments, who wasted time and squandered resources until December 1980, when the country went to the polls for its first multiparty election since independence in 1962.

Far from marking a fresh start, it opened what was to prove another grim chapter. Former president Milton Obote, ousted by Amin in 1971, returned from exile to lead the Uganda Peoples Congress to victory in what many regarded as a rigged poll.

By the time Mr Obote was forced to flee the country, a brief economic revival had been destroyed by increasingly brutal suppression of dissent. Mr Museveni, however, has triumphed over his inherited disaster ensuring political stability, often through harsh measures, and by performing an intellectual somersault in pursuit of economic recovery.

As late as August 1988, the president was attacking what he called the IMF "orthodoxy", and seemingly resisting the government's Economic Recovery Programme, launched in May the previous year.

"If you insist that 'market



Capital scenes: a panoramic view of Kampala, one of Africa's most delightful cities, whose bustling streets testify to a growing economy



Pictures: Images of Africa and Emmanuel Nwoko

Overcoming a disastrous legacy

President Museveni has revived Uganda's fortunes and provided stability, but the long-term challenge is to reduce aid and achieve self-sustaining growth, write Michael Holman and Leslie Crawford

forces become the dominant feature in an economy," he told a Zambian audience. "It will lead to increased trade liberalisation." This would be "very dangerous", he warned, "if it means that anybody is allowed to import anything they like... I can compromise with the IMF on other things but not on this."

Mr Museveni must have had second thoughts. As reform gathered pace, all restrictions on foreign exchange current account transactions were lifted and today Uganda has the most liberal exchange rate policy in sub-Saharan Africa, while the price controls he defended in the same speech have also gone.

The results have been remarkable. GDP growth has averaged 5 per cent annually since 1987. The budget deficit has shrunk, the size of the army and civil service has declined, foreign exchange reserves are healthy, a privatisation programme is under way, foreign investors are returning, albeit cautiously, and the Ugandan shilling has strengthened by 18 per cent against the US dollar over the past 18 months.

The benefits of economic orthodoxy are unmistakable, and the evidence of a recovery widespread, though far from uniform.

It is seen at its most striking on the journey south from Kampala to Masaka, the road then curving north-west through Mbarara and on to Mweya Safari Lodge, perched above Lake Edward on the western border with Zaire.

The journey took in a region which seemed to have been devastated beyond recovery during the 1978-9 war, when invading Tanzanian troops and Ugandan guerrillas forced Amin into exile.

Today, roadside kiosks provide the bricks for a mini building boom, stalls along the route sell maize, fruit and vegetable and matooke, the green banana which is a staple food, and coffee bushes give way to rolling green tea estates.

A separate journey to the far

north-east showed that recovery is much weaker in Gulu and Arua, ravaged by a more recent war, this time against the Museveni government, waged since 1986 by rebel forces that range from a bizarre religious sect to die-hard supporters of past regimes. But even there, a tentative peace is paving the way to a better life.

In Jinja, an hour's drive east from Kampala, the giant Kakira sugar estate, part of the Madhvani business empire seized under Amin, is back with its former owners. But a city that was once Uganda's industrial centre remains depressed, with the government's privatisation programme failing to find buyers for the state-owned factories with obsolete plants.

Corruption is also hampering the privatisation programme, say independent commentators, who cite cases of delays and prevarication designed to favour candidates with govern-

ment links. For these and other reasons - few Ugandans have been able to protect their savings from economic disasters of the past - the level of domestic and foreign investment falls well short of the level required for Uganda's recovery to become self-sustaining.

Mr Museveni, who frequently lectured fellow Africans on the dangers of economic dependency on the west, now relies on aid to provide half his government's income. Donors have increased assistance from \$230m in 1986 to more than \$550m in 1993, and outright grants have increased from under 10 per cent of government income in 1988 to 52 per cent last year.

And, as one leading donor recently warned, "such sources are not indefinitely sustainable". None of this would have been possible without stability provided by a government that is somewhere between a coalition and an autocracy.

Within limits determined informally by Mr Museveni rather than by law, opposition voices are heard, including that of an often critical press. But any opposition that sets out to mount an organised challenge to the president and the NRM and the concept of participatory one-party democracy is effectively banned.

Under the all-embracing umbrella of the NRM are stalwarts of the two parties which used to dominate Uganda's politics, including Paul Seemoger, leader of the Democratic Party, and minister of foreign affairs, and Ateker Ejalu, minister of labour, a prominent member of the Uganda Peoples Congress, once led by self-exiled former president Milton Obote.

At the grass roots, Mr Museveni has introduced countrywide resistance councils, with responsibility for community affairs. Meanwhile, a constitu-

ent assembly, elected earlier this year, will draw up a new constitution in which a multi-party system is not ruled out.

Whether this all adds up to a potential model for the rest of Africa, struggling to combine economic and political reform, remains to be seen. So far donors have given Mr Museveni the benefit of the doubt about this protracted transition to a yet-to-be-defined democracy. This may be pragmatic, but risks the charge of inconsistency.

Elsewhere in Africa they have made the introduction of multiparty politics a condition to their aid. And while they have been critical of human rights abuse by government, at its worst between 1986 and 1991, they appear to have allowed Uganda a leeway not enjoyed by neighbouring Kenya.

Undoubtedly both donor and domestic tolerance of Mr Museveni's style owes much to fear of what could be the alternative.

With stark reminders in their own recent past, and with death and disaster in neighbouring Rwanda, Sudan and Zaire, stability may reasonably

be prized above multiparty politics by many Ugandans and donors alike.

"At its best," summarises one western diplomat, "Museveni's government can be characterised as a government of cohabitation, led by a benevolent military leader of strong intellectual quality."

"At its worst, it could be described as a government dominated by one man and a small politico-military elite who are bent on imposing their particular vision upon civil society."

Just as the economy has to wean itself from aid dependency, so the political system must end its dependence on one man if Uganda is to achieve long-term stability.

At present, donors are prepared to accept Mr Museveni's de facto one-party state as a transitional administration with special dispensations to deal with the traumas of the past.

But the same donors are looking to see whether Mr Museveni has the vision and the will to lay the foundations for a political system that will outlive him.

At present, Mr Museveni has sufficient support in the new Constituent Assembly to legalise his "Movement" system of government until the turn of the century - postponing the resumption of multiparty politics until then.

But western diplomats are warning Mr Museveni that if he fails to put in place a democratic system based on freedom of association and freedom of assembly, Uganda's stability will not last longer than his reign.

"He would only be delaying the return of political chaos to a very fragmented and divided society," says one ambassador in Kampala.

Economic and political reform should go hand in hand. When Ugandans and potential foreign investors are confident of the latter, Uganda's economic growth is more likely to become self-sustaining and the achievements of Mr Museveni will be consolidated. And should that happen, Uganda would indeed be a model for Africa.

THIS IS THE THAT SURROUNDS THE PLANT WHICH
MAKES THE TO LIGHT THE THAT SMELTS
THE TO MAKE THE TO REINFORCE THE
WALLS WHERE THE IS MADE INTO THE TO
CLOTHE THE CHILDREN WHO EAT THE MADE FROM
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MESSAGE FROM THE GOVERNOR

"The Performance of the Ugandan economy in recent years has demonstrated that disciplined financial policies are an essential condition for rapid and sustainable economic growth. The recovery of production, now in its eighth year of uninterrupted advance, has maintained its momentum, while inflationary pressures remain well under control. With the restoration of a stable financial environment

and the liberalisation of financial markets, the climate for private investment in Uganda continues to improve, and has already been reflected in new investment across a wide range of activities. While there is some measure of satisfaction in these developments, there is no room for complacency. The Bank of Uganda remains fully committed to maintaining a stable environment in the years ahead."

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UGANDA 2

Uganda has achieved an economic turnaround

A long haul ahead

Economic reforms, backed by donors and enthusiastically applied by the government, have brought dramatic results. Uganda's economic growth has averaged 5 per cent a year since 1988, inflation has fallen from 240 per cent in 1986 to single figures, and foreign exchange reserves cover more than three months of imports.

Meanwhile, the budget deficit stays within limits agreed with the IMF and two critical areas of government spending are being tackled. The civil service will end up half its original 300,000 size, and the army will also be cut by half to 45,000 by the end of next year.

In the process, life for the business community has been radically changed. Price controls have been lifted, foreign exchange controls abolished, and a privatisation programme begun in 1982-83 is under way.

Meanwhile, foreign investors are returning, albeit cautiously, as are expelled Asians, encouraged by legislation that has allowed them to reclaim more than 3,000 properties expropriated by the Amin regime in the 1970s.

For any government these measures would represent a remarkable achievement, let

Development projects

Uganda's 1993-5 Rehabilitation and Development Plan includes several multimillion-dollar infrastructure projects of interest to international contractors. They are:

Project	Planned expenditure (US\$)
Kiryans sugar works	\$25.8m
Power II Uganda Electricity Board	\$20.3m
Second Water Supply project	\$33.2m
Small Towns Water Project	\$26.3m
Mandala National Stadium	\$15.2m
Kampala bypass	\$18.3m
Rehabilitation of Kampala city roads	\$25.2m
South West road maintenance	\$18.4m
Masindi, Rwenkengeri-Apoo, Lira-Kilgus roads	\$16.0m

* Procurement of machinery & equipment.
Further information from Uganda Investment Authority, Box 7418, Kampala. Tel: 254841-234705, 234706, 234707; Fax: 242203.

alone one with Uganda's history. But adding to the difficulties have been deteriorating terms of trade - 65 per cent over the past six years - as weakening coffee prices saw the crops' earnings drop from \$384m in 1986 to \$151m in 1992, recovering to \$184m last year.

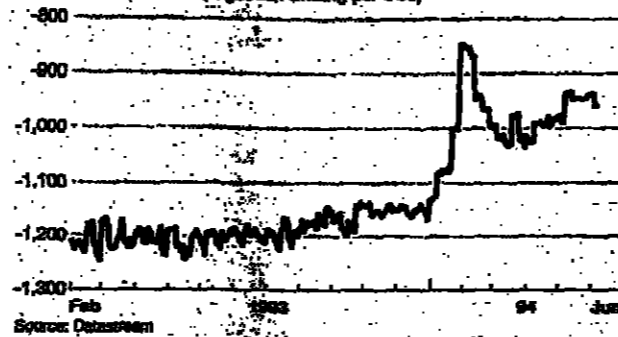
The trauma has been eased, however, by donors, who have increased assistance from \$230m in 1986 to more than \$250m in 1993 with outright grants rising from under 10 per cent of government income in

1988 to 52 per cent last year. Although this has allowed growth to be maintained, it has left Uganda uncomfortably dependent on aid, and reaching levels of domestic and foreign investment sufficient to lead to self-sustaining growth, is now the single greatest challenge.

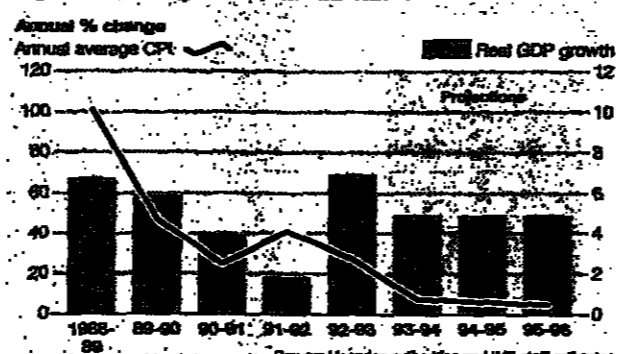
The current rate of 6 per cent of GDP is "still too low to provide the basis for rapid economic growth", warns a World Bank paper, and the impact on investment from the privatisation programme, managed by

Ugandan New Shilling

Against the US dollar (Ugandan Shilling per US\$)



Ugandan real growth and inflation



Public Enterprise Reform and Divestiture Secretariat, has proved disappointing.

Parastatals have been classified into five categories. The government will retain full ownership of certain utilities, national parks and a development bank. It will partially divest from hotels, mines and telecommunications. Some 43 companies are slated for complete privatisation, while another 17 will be liquidated.

However, few of the 100-odd companies in state hands have

the potential to break even. The government has only privatised a handful of enterprises since the programme began in 1991. A bottling company, a distillery, Shell Uganda (which Shell bought back) and the tea estates of Agricultural Enterprises Ltd are the only notable sales to date. Several textile and spinning mills have been advertised, but the sector's plant is generally obsolete, overstaffed and carrying bad debts.

Accompanying the privatisation programme has been the Uganda Investment Authority's attempt to attract foreign investment, offering a range of incentives first set out in 1991, designed to enhance the privatisation programme.

It has managed to attract around \$200m over two years, but it has not been an easy process. "Uganda has been isolated from the real world of investment for so long, it doesn't know what the outside world wants or what price it is prepared to pay for it," says a foreign consultant in Kampala.

From one insider comes this

External debt: can an inflexible rule be bent?

The structure of Uganda's external debt and the heavy toll of repayments on the recovery programme tests the wisdom of the inflexible rule that obligations to the multilateral institutions cannot be rescheduled, writes Michael Holman.

The country's external debt, including principal and interest arrears at \$685.4m, comes to \$2.7bn, equivalent to more than 100 per cent of GDP. Total scheduled debt servicing for 1992-93 amounted to \$173m, more than 80 per cent of export earnings. The government was able to pay less than half this amount.

Out of a total scheduled debt-service payment of US\$220m for the period 1993-2010, some \$1.4bn will go to multilateral creditors - principally the IMF and the World Bank, according to an Oxfam study published earlier this year.

Whereas the World Bank has maintained a positive net transfer of resources, this has not been the case with the Fund, says Oxfam, the British aid agency.

Between 1987 and 1990, there was a net transfer to the IMF from Uganda of \$90m. Although there has been a compensating positive transfer since then, in the absence of new resources the sharp rise in repayment levels from 1993 will again result in negative transfer, the Oxfam study points out.

Payments to the IMF will peak in 1997, representing more than a third of total debt payments, it calculates. Overall, says Oxfam, payments to the IMF will exceed \$500m between

1993 and 1998, resulting in a negative transfer of resources to the Fund.

"In summary, the Ugandan government has no choice under existing debt rules but to request additional bilateral aid to repay its multilateral debt. Its dilemma starkly illustrates the case for a change in the rules and the removal of the taboo against multilateral debt reduction," the analysis continues.

There is a further difficulty, notes Oxfam. Under existing Paris Club rules, official creditors will not reschedule or reduce any debt contracted after a fixed date, usually coinciding with the debtor country's first application to the Club.

Uganda's cut-off date is 1981, which means that of the \$65m of arrears and maturities falling due to the Paris Club in 1993-94, as much as \$44m is not eligible for rescheduling or reduction. "The upshot is that Uganda's next trip to the Paris Club will result in savings of approximately \$8m, equivalent to 5 per cent of the country's annual service bill."

The cut-off date, argues Oxfam, should be moved to at least 1987, when the NRM government came to power. "A large proportion of bilateral debt was inherited by the current government from the brutal and corrupt regimes of Idi Amin and Milton Obote," much of which was "irresponsibly squandered and irresponsibly lent".

* Multilateral debt as an obstacle to recovery: the case of Uganda, Oxfam Briefing No 7, March 1994, Oxfam House, 274 Barbican Road, Oxford OX2 7DZ.

blunt appraisal: "Not one company has accounts up to date. Where accounts exist, they are often false or inaccurate."

Says another critic: "The privatisation secretariat's recommendations to its political masters are often ignored, or overturned, often in pursuit of personal advantage for politicians and their associates." There is criticism, too, of the amount of time spent outside the country promoting Uganda by senior government ministers and civil servants. The returns are far from clear, while work at home suffers. In 1985, over 50 per cent of government-collected revenue came from coffee exports, but during 1993 it was nil, for the tax had been abolished. Tax collection as a percentage of GDP remains low - about 7 per cent, around a third the average for sub-Saharan African countries, and is not expected to rise much above 10 per cent in the next two to three years.

The Uganda Manufacturers' Association vigorously resists efforts to increase the burden on those already in the tax net. "Uganda cannot afford to

repeal capital by giving investors cause to relocate in neighbouring countries," warned the association last year.

The business community has a further concern - the appreciating shilling. High donor flows, improved coffee receipts and returning capital from Asian exiles have seen the currency strengthen from a high of 1,378 in January 1993 to a current level of around 900 to the dollar.

This has resulted in artificially high import levels, which hurt the domestic producers and has hit exporters.

Achievements notwithstanding, the task is a sobering one. If the economy maintains an annual average of 5 per cent growth and assuming population increase of between 2.5 and 3 per cent a year, it will take 30 years to double individuals' standards of living.

At the same time, Uganda must reduce aid and reach self-sustaining growth - the biggest challenge of all.

Michael Holman and Leslie Crawford

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Selected economic and financial indicators

	1988/89	89/90	90/91	91/92	92/93	93/94
Annual percentage change						
GDP at constant prices	6.7	5.9	3.9	1.8	7.0	5.0
Consumer prices	76.8	28.9	32.0	63.0	-0.8	9.0
Year-end basis	102.2	48.1	24.5	42.2	28.3	7.5
Annual average						
Per cent of GDP						
Current account deficit	9.8	10.5	8.3	5.2	3.3	4.7
Government budget deficit (including grants)	3.9	4.8	3.7	8.0	3.4	5.5
US\$m						
Overall balance of payments	-103.0	-45.0	-101.3	-121.2	13.7	-15.3
Foreign exchange reserves (in months of imports)	0.8	0.5	1.3	2.2	3.0	3.4

1 Projected

Source: Ugandan authorities and IMF estimates

Foreign exchange bonanza

Uganda's single largest foreign investment project, capable of boosting annual export earnings by 10 per cent a year over its 10-year life, is poised for take-off.

And has been for a good many years, sceptics might add - ever since the potential of a vast pyrites dump at Kilembe copper mine was first confirmed more than 10 years ago.

This time it is different, say the project's backers, who point out that the scheme is now well down the road to fruition, while Uganda's political and economic climate has never been more encouraging.

Lying in the foothills of the Ruwenzori mountains, on Uganda's western border with Zaire, the mine once produced 17,000 tonnes of blister copper a year.

But the advent of Amin, coupled with the slump in world

prices, proved its downfall and its operational days as a copper mine are almost certainly over.

The foreign exchange bonanza lies above ground, in the 1m-tonne pile of pyrites concentrates accumulated since the mine opened in 1958. It contains 1.4 per cent cobalt, valued at about \$200m, fluctuating according to world prices, and this can be recovered.

Even allowing for capital outlay (about \$40m) and running costs, the net foreign exchange benefits are enormous for a country whose total exports last year were worth US\$184m.

Efforts to start the project go back to 1981 when Bureau de Recherches Géologiques et Minières (BRGM) of France produced for Kilembe Mines Ltd a pre-feasibility study which concluded that treatment of the

pyrites by bleaching was the most economic and environmentally safe way of recovering the cobalt.

In June 1982, the Ugandan government signed a joint venture agreement with BRGM and Barclays Metals Ltd (BML) of the UK to undertake the project. The new Kasese Cobalt Company will be jointly owned by the parastatal, Kilembe Mines Ltd with a 45 per cent shareholding, BRGM (27.5) and BML (27.5).

Results from a pilot plant constructed at nearby Kasese in 1983 confirmed its viability, and annual production of 1,000 tonnes over a 10 to 12 years.

A feasibility study followed, which confirms the merits of the project. All being well, commercial production could begin within two years.

Michael Holman

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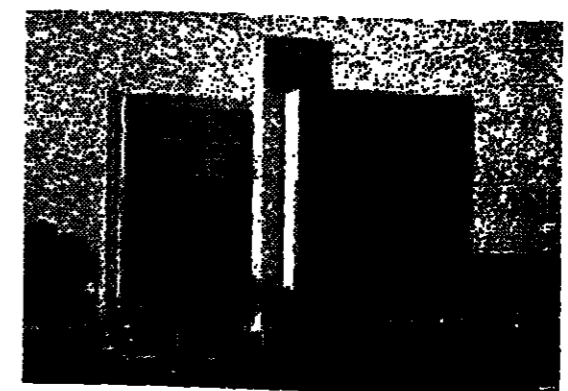
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UGANDA 3

Leslie Crawford looks at novel businesses

Crocodile venture

Crocodiles, vanilla pods, roses and the colossal Nile perch of Lake Victoria do not, on the face of it, have much in common, but they belong to a growing list of non-traditional exports which last year earned \$40m for Uganda.

The emergence of new, export-oriented ventures is perhaps the best economic news Uganda has had in years. Many analysts believe the country's future development depends on the multiplication of these small, private-sector businesses. Neither the privatisation of bankrupt parastatals, nor Uganda's international road shows to attract foreign investment, seem to hold as much promise as the eclectic activities of Uganda's new entrepreneurs.

Tony Bristow left his native Zimbabwe to start up Uganda's first crocodile farm three years ago. A Ugandan friend, who had worked in Zimbabwe, convinced him the project would succeed with the tax breaks and liberalised foreign exchange environment available to new investors in Uganda.

The novelty of the project at first baffled the authorities. Mr Bristow had to obtain the authorisation of three different ministries - Animal and Fisheries, the Game Department and National Parks - to set up Uganda Crocs Ltd. He also helped draft Uganda's proposal to join the UN Convention for the International Trade of Endangered Species (Cites), that regulates the export of crocodile skins. Cites allocated Uganda an initial export quota of 2,500 skins a year.

Mr Bristow collects crocodile eggs in the wild, and breeds them in captivity. The cold-blooded creatures are warmed to an optimal temperature of 32-deg C to accelerate their development. After two to three years, the crocodiles are ready for marketing.

Only half a dozen tanneries around the world specialise in exotic leathers, and they pay

between \$2.5 and \$7 per centimetre for the soft underbelly of a young croc. The Gulf War, Mr Bristow says, depressed demand for crocodile skins. He thinks it may take four years before he sees a return on his \$500,000 investment.

In Mukono, a district near Kampala, more than 5,000 peasant farmers now have vanilla vines interplanted with their banana, maize and coffee bushes thanks to an export venture started in 1990 by Aga Sekalala, a local businessman.

"After the war ended in '86," he recalls, "I was looking for cash crops to plant on my farm." He sought advice from the World Bank's Africa Project Development Facility, which noticed, during a visit to Mr Sekalala's farm, that vanilla was growing wild

around the food crops. AIDP came back with a proposal: it would find a guaranteed buyer for Ugandan vanilla if Mr Sekalala could persuade the farmers of Mukono to revive the vanilla production that had been abandoned during the Amin years.

After testing Mr Sekalala's vanilla, McCormick & Company of the US, the manufacturer of seasonings and flavourings, signed a three-year agreement in 1990 to purchase his entire production. The contract has just been renewed for another three years.

Meanwhile, the vanilla growers involved in Mr Sekalala's venture have multiplied from 50 in 1990 to 5,000. Vanilla fields now cover an estimated 600 hectares. "Over the past four years," Mr Sekalala says, "we have exported more than nine tonnes of cured vanilla worth a total of \$825,285."

Premium-grade cured vanilla commands about \$73 per kg on the world market. Within 10 years, it is estimated Uganda could be exporting up to 150 tonnes of vanilla a year, pushing foreign exchange earnings up to \$7.5m.

Half a dozen Ugandan companies have launched them-

selves into the rose exporting business, after observing how floriculture has blossomed in neighbouring Kenya.

"Uganda has a more favourable climate for rose growing than Kenya," says Rene Bartoli of Victoria Flowers, "and it is not plagued by water shortages." In addition, the cost of air freight - the largest outlay of any flower export operation - is more competitive from Entebbe airport than Nairobi.

This combination of factors is leading many established Kenyan flower companies to look at Uganda to diversify their sources of production.

Mr Bartoli and a Ugandan partner have bought a 3.3 hectare plot on the shores of Lake Victoria to start their rose farm. At \$400,000 a hectare, their initial investment carries a considerable degree of risk, particularly as returns will depend on the price their roses can fetch at the flower auctions in Holland. The first roses will be ready for export in October.

Launching a business in Uganda, however, is not for the faint-hearted. "You have to be prepared to be completely autonomous and self-sustaining," Mr Bartoli warns. Because power supplies are unreliable, he had to invest in a back-up generator. The lack of cold storage facilities at Entebbe airport means that Victoria Flowers will have to build its own.

But the most common complaint of Uganda's new breed of exporters is the loss of competitiveness of Uganda's currency, the shilling, which has appreciated by more than 20 per cent against the dollar in recent months.

"The appreciation of the shilling could kill our business, particularly as Indonesia is also making serious inroads into the vanilla market," Mr Sekalala says. "I also had a project to export organic honey, but it is just not competitive at the current exchange rate."

"Uganda should be the grain basket of the region, but only one third of its land area is being sensibly cultivated," says James Cartwright, a consultant on agricultural exports. "It should be exporting maize and beans and planting to neighbouring countries. These are the crops that hold the greatest export-earning potential."

The Robusta coffee grown by thousands of peasant farmers in western Uganda forms the backbone of the export economy. Coffee earned \$106m, or two-thirds of Uganda's export revenues last year. Production is responding to firmer international prices and marketing reforms which have generated greater returns for producers.

Government officials are cautiously optimistic over the recent surge in international coffee prices, which have more than doubled to almost \$1 a pound in the past 12 months. If prices hold, Uganda's coffee exports could earn \$250m, according to Uganda's Coffee Development Authority. For the first time since the collapse of the International Coffee Organisation cartel in 1989, the price gains would allow Uganda to meet its external debt repayments from its coffee earnings, and even reduce its dependence on foreign aid to cover its \$700m-a-year import bill.

The Coffee Development Authority estimates production in the 1993-94 season, which ends in September, at 2.5m 60-kg bags (150,000 tonnes), up from 2.09m bags in 1992/93.

Both production and international coffee prices, however, remain below those of the commodity boom of the late 1970s, when coffee earned Uganda more than \$400m a

year. In a bid to revive the sector, the government abolished export taxes on coffee in 1993, liberalised producer prices and licensed private traders.

The old Coffee Marketing Board, which monopolised coffee exports until 1990, is now a government-owned trading company competing with 36 private exporters. The private sector has scooped up more than 70 per cent of the coffee trade, with fierce competition pushing up the prices paid to

farmers. Uganda, however, is still paying the price for the political upheaval and the misguided agricultural policies of the past.

"Our coffee plantations are old and in poor shape," says Dr Peter Ntagigiza, research and development manager at the Coffee Development Authority. "We have to invest in research and extension ser-

vices to improve the quality and productivity of our shambas (farms)." He says Uganda is slowly rehabilitating its coffee nurseries and selecting new Robusta strains to replace old bushes.

Great hopes are also being pinned on the revival of the tea sector, which once produced more than 25,000 tonnes a year. Tea production almost ceased when the foreign owners of large estates left Uganda in the 1970s.

The return of UK companies such as James Finley, and the rehabilitation of estates, has increased output from 1,200 tonnes in 1982 to 12,320 tonnes last year. Little tea, however, has been planted since 1978, and the production from tough old bushes is not of export quality. Consequently, tea exports earned a meagre \$11m last year.

Foreign investors, however, have detected Uganda's potential to become a quality tea exporter. A freshly-painted sign outside the Ankole tea estate near Bushenyi in western Uganda reveals a recent change of ownership. In January, the UK's Commonwealth Development Corporation and James

Finley acquired the Ankole estate and five other plantations totalling 3,000 hectares which were being privatised by the government.

At the Ankole estate, Eric Mugumbage, the factory manager, is proud to have kept the operation running throughout the Amin years and Uganda's civil war, although he regrets that the quality of his tea has declined.

"The bushes are old, the stalks are hard and we haven't been able to afford the application of fertilizer for a long time," he says. The tea factory, where the leaves are withered, fermented and then

Widespread practice of polygamy exacerbates the problem

Aids on the increase

On the other hand, recent medical studies suggest public health campaigns are unsuccessful. One research programme in the Rakai district of western Uganda revealed that 3 per cent of respondents who were free of infection in 1989 had become HIV positive a year later. The respondents knew about the Aids menace, and yet many of them admitted to having multiple sexual partners.

In addition to the universal problem of persuading people to alter their sexual behaviour,

Uganda faces particular difficulties in fighting Aids.

The widespread practice of polygamy, and the low status of women (who, in many rural

areas, still kneel before men when they meet) give women little control over their own sexual health and that of their partners.

"Much of the preventive education of the west is not applicable in Uganda," says Ms Marile Magezi of Taso, a Ugandan counselling service for Aids sufferers. "What does monogamy mean to a man who already has three wives?"

The influence of the Roman Catholic Church, which opposes the use of condoms to prevent the disease, has not helped educators in the populous west and south of the country, where Aids infection is most widespread.

In addition, it is feared that

the demobilisation of soldiers will also spread the disease, as the rate of HIV infection in the army is believed to be higher than 50 per cent.

The government's Aids control programme admits it can do little to help adults who have already contracted the disease. But it is placing special emphasis on educating children between the ages of five and 15 to keep them free from disease. But already, statistics show that young girls in the 15-19 age group are six times more likely to be Aids carriers than boys of the same age. Part of the explanation is that men increasingly prefer young sexual partners on the assumption that they are free from infection.

Leslie Crawford

Leslie Crawford investigates the revival in agriculture

Brewing up exports of tea and coffee

Along the south-western route to Mbarara, the steady traffic of lorries piled high with plantains is evidence of Uganda's agricultural recovery. Political stability has breathed new life into war-shattered villages, while the liberalisation of agricultural prices has lured peasants out of subsistence farming into cash crops. Rural Uganda is humming with the activity of carpenters, bricklayers, bicycle repair men and tailors. The once bare shelves of village shops are again filled with goods.

But the poverty which engulfs most rural households is testimony to 25 years of foregone development. Uganda today produces only 20 per cent of the cotton it grew in 1970, and less than half the tea crop of pre-1970 Amin years. Sugar and coffee have yet to recover pre-1970 production levels.

It is a sad indictment for a country uncommonly blessed with fertile soils and abundant rainfall. More than 80 per cent of land is suitable for agriculture, compared with less than 20 per cent in neighbouring Kenya.

"Uganda should be the grain basket of the region, but only one third of its land area is being sensibly cultivated," says James Cartwright, a consultant on agricultural exports. "It should be exporting maize and beans and planting to neighbouring countries. These are the crops that hold the greatest export-earning potential."

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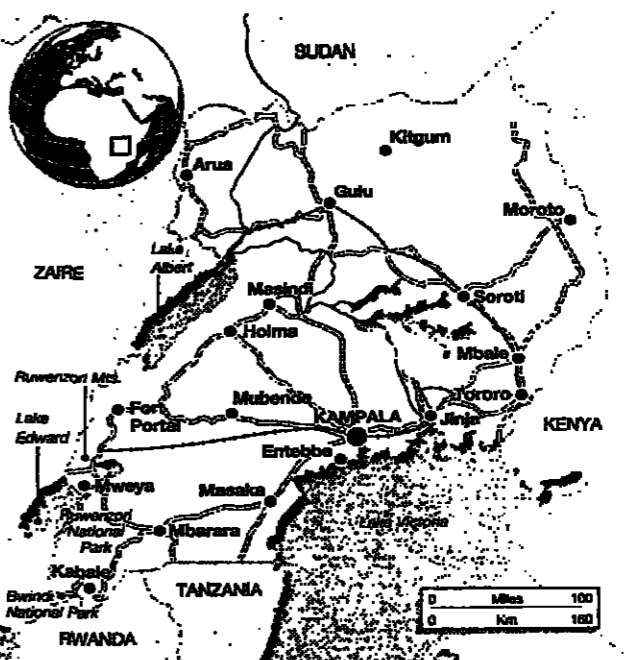
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dried, is also in need of new equipment. The drying kilns are fuelled with wood: diesel is too expensive and electricity too unreliable.

Tom Harrison of CDC says the other estates are also overgrown and in poor shape. "Our aim is to put quite a lot of money into rehabilitating the factories and fields," he says. "We will be exporting the tea to generate foreign exchange for Uganda."

A \$24m investment programme is expected to boost output at CDC's Ugandan tea estates from 1,000 to 9,000 tonnes over the next eight years.

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Lincoln's Inn,
London WC2A 3TH,
United Kingdom.
Tel: +44 71 831 7466
Fax: +44 71 405 1108
Telex: 298368

INVESTMENT TRUSTS - Cont

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INSURANCES

CURRENCIES AND MONEY

MARKETS REPORT

Market waits for US PPI

The dollar traded in a fairly narrow range yesterday ahead of the release today of the May producer price inflation figure, writes Philip Gault and Marko Rich.

The US currency gained some support, however, following concerns about escalating tensions in the Korean peninsula. The dollar closed in London at DM1.6721 against the D-Mark, from DM1.6698. Against the yen it closed at ¥104.155 from ¥104.030.

Markets were generally fairly quiet in the absence of any new developments to latch onto. European election results will not be known until Monday, and the decision of the Bundesbank council to leave interest rates unchanged was widely expected.

Sterling finished firmer against the D-Mark at DM2.5163. It was barely changed against the dollar at \$1.5075 from \$1.507.

The market is expecting a fairly subdued PPI figure today of about 0.2 per cent. But Mr Peter Oeler, economist at brokers GNL, warns that "the risks have to be stacking towards the fact that at some stage a shock high monthly figure will be seen and we expect the market will take this very badly."

He says that factors such as higher crude oil and commodity prices, as well as higher capacity utilisation, can be expected to feed through into higher inflation.

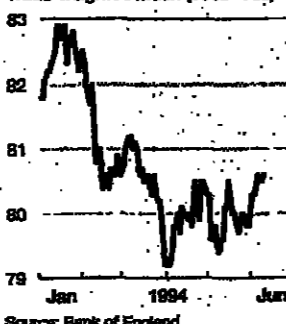
The implications for the dollar are unclear. Recently the dollar and the US treasury bond market have traded in tandem. But Mr George Magnus, chief economist at S.G. Warburg has pointed out that "the positive correlation between the dollar and the T-bond market has rarely been strong for long periods of time and is mostly negative."

Mr Steve Hannah, head of research at IBI International in London, said the dollar/D-Mark rate was likely to stay in a narrow range unless a "major surprise" came out of the PPI or CPI number next Tuesday.

On the dollar/yen axis, however, Mr Hannah said he believed there had been a definite shift in attitude recently.

Sterling

Trade-weighted index (1985=100)



Source: Bank of England

■ Pooled in New York

	Jan 94	Feb 94	Mar 94	Apr 94	May 94	Jun 94
1m	1.5075	1.5075	1.5075	1.5075	1.5075	1.5075
3m	1.5075	1.5075	1.5075	1.5075	1.5075	1.5075
1y	1.5075	1.5075	1.5075	1.5075	1.5075	1.5075

Despite Mr Brown and Mr Kantor still talking tough, he felt the administration "did not see a weaker dollar as a way of getting around this problem."

"There is a lot of hesitation among speculators to push the yen too much towards the ¥103 level," said Mr Hannah. The market is expecting the Bank of Japan's quarterly Tanaka survey of industry, released today, to show a modest rise in business optimism. A better than expected outcome could bolster the yen.

In Europe, currencies paid little attention to the European elections with results not expected until after the weekend. "There has been no adverse effect on the Scandinavian economies which have been the main targets of speculation," said Mr Adrian Cunningham, international economist at UBS. "It seems to be an issue that was a focus earlier in the week."

The D-Mark continued on its weak trend of the past 48 hours. Mr Avinash Persaud, head of currency research at JP Morgan (Europe), attributed this to diminishing faith in the credibility of the Bundesbank.

"The D-Mark's weakness is something of a surprise given the strength of manufacturing and inflation data," he said. "The German currency's weakness must to some extent relate to fresh concerns about the Bundesbank's poor performance."

On the dollar/yen axis, however, Mr Hannah said he believed there had been a definite shift in attitude recently.

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manoeuvring on the M3 indicator.

Mr Cunningham said Sunday's Austrian referendum on joining the EU may cause the D-Mark to "pull back some of its losses against the Scandinavian currencies."

The D-Mark closed at FF3.405 against the French franc from FF3.408. It also lost ground against the Spanish peseta, which finished at Ptas1.71 from Ptas1.74, while the Swedish krona recovered some of its recent losses to close at SKr4.740 from SKr4.754.

Mr Cunningham said sterling had benefited from the weakness of the D-Mark. He predicted that European and bi-elections would probably have little effect on the pound because forecasts in the last 24 hours had anticipated "less than devastating results" for the Tories.

Futures markets were quiet with the December short-term sterling contract trading only 15,000 lots. It closed at 93.77 from 93.79. The futures market is thus discounting short-term interest rates nearly one percentage point higher by the end of the year than the present 5.25 per cent. But many economists believe interest rates may well finish the year at current levels, or only marginally higher.

Mr Oiler of GNL, however, notes that at the last six settlement dates for short-term contracts, the difference between the settlement price and the base rate was less than ten basis points. This suggests that the futures market is currently over-pessimistic about the outlook for UK interest rates.

In the UK money markets the Bank of England provided \$24m assistance after forecasting a shortage of \$500m. Overnight money traded between 3% per cent and 4% per cent.

In Germany, call money eased to 4.55/5.05 per cent from 5.05/5.15 per cent.

On the dollar/yen axis, however, Mr Hannah said he believed there had been a definite shift in attitude recently.

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POUND SPOT FORWARD AGAINST THE POUND

Country	Currency	Close	Change	Day's high	Day's low	One month	Three months	One year	Bank of England
Europe									
Austria	(Sch)	17.2300	-0.0020	227.385	17.2748	17.2838	17.2728	0.2	113.7
Belgium	(Ffr)	11.6542	-0.0008	505.181	52.0330	51.7890	51.5742	-0.2	114.8
Denmark	(DKr)	8.3331	-0.0015	313.388	8.3339	8.3324	8.3324	-0.2	115.5
France	(Ffr)	8.2803	-0.0008	505.181	52.0330	51.7890	51.5742	-0.2	114.8
Germany	(DM)	2.2535	-0.0005	194.216	2.2535	2.2535	2.2535	-0.1	115.5
Greece	(Dr)	377.541	-1.77	825.156	377.541	377.541	377.541	-0.3	104.4
Ireland	(Ir)	1.0248	-0.0001	236.954	1.0248	1.0248	1.0248	-0.7	102.8
Italy	(Lira)	2463.43	-0.41	945.155	2463.43	2463.43	2463.43	-2.9	2463.43
Luxembourg	(Ffr)	61.8942	-0.0008	505.181	52.0330	51.7890	51.5742	-0.2	114.8
Netherlands	(Gld)	2.2844	-0.0004	238.259	2.2844	2.2844	2.2844	-0.2	115.5
Norway	(Nkr)	10.9120	-0.0016	479.180	10.9120	10.9120	10.9120	-0.3	101.0
Portugal	(Esc)	202.221	-0.0020	117.882	202.221	202.221	202.221	-0.3	114.8
Spain	(Ptas)	205.938	-0.0020	970.118	205.938	205.938	205.938	-2.9	210.083
Sweden	(Skr)	11.8838	-0.0015	451.620	11.8838	11.8838	11.8838	-1.9	12.008
Switzerland	(Sfr)	2.1233	-0.0014	310.335	2.1233	2.1233	2.1233	-0.8	2.1057
UK	(Sterling)	1.5075	-0.0002	046.046	1.5075	1.5075	1.5075	-1.1	1.5035
USA	(Dollar)	1.5075	-0.0002	046.046	1.5075	1.5075	1.5075	-1.1	1.5035
Argentina	(Peso)	1.5054	-0.0003	050.058	1.5057	1.5057	1.5057	-0.3	87.4
Brazil	(Cru)	2.0714	-0.0011	705.722	2.0714	2.0714	2.0714	-0.3	2.0704
Canada	(Cdn)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Chile	(Peso)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Colombia	(Peso)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Czech	(Cz)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Dominican	(Peso)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Ecuador	(Dolar)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
El Salvador	(Dolar)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Guatemala	(Quetzal)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Honduras	(Lempira)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
India	(Rupee)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Indonesia	(Rupiah)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Japan	(Yen)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Korea	(Won)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Malaysia	(Ringgit)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
New Zealand	(Dollar)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Philippines	(Peso)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Saudi Arabia	(Riyal)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Singapore	(Dollar)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Sri Lanka	(Rupee)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Taiwan	(Dollar)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Thailand	(Baht)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Turkey	(Lira)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
USA	(Dollar)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4

1994 rate for Jan 9. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index is based on the Bank of England's Sterling Index. Other rates are based on the Bank of England's Sterling Index. The Dollar Spot table shows only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. US dollar index is based on the US dollar index. Other rates are based on the US dollar index.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Country	Currency	Close	Change	Day's high	Day's low	One month	Three months	One year	J.P. Morgan
Europe									
Austria	(Sch)	11.7820	-0.0115	595.845	11.7875	11.7820	11.7735	-0.8	103.0
Belgium	(Ffr)	34.446	-0.0005	440.230	34.4460	34.4460	34.4460	-0.3	104.3
Denmark	(DKr)	6.5433	-0.0011	233.250	6.5433	6.5433	6.5433	-1.8	6.5433
France	(Ffr)	5.4940	-0.0007	410.510	5.4940	5.4940	5.4940	-0.7	75.4
Germany	(DM)	5.4940	-0.0007	410.510	5.4940	5.4940	5.4940	-0.7	75.4
Greece	(Dr)	250.250	-1.1	100.250	250.250	250.250	250.250	-1.8	89.1
Ireland	(Ir)	1.0248	-0.0001	236.954	1.0248	1.0248	1.0248	-0.7	102.8
Italy	(Lira)	2463.43	-0.41	945.155	2463.43	2463.43	2463.43	-2.9	2463.43
Luxembourg	(Ffr)	61.8942	-0.0008	505.181	52.0330	51.7890	51.5742	-0.2	114.8
Netherlands	(Gld)	2.2844	-0.0004	238.259	2.2844	2.2844	2.2844	-0.2	115.5
Norway	(Nkr)	10.9120	-0.0016	479.180	10.9120	10.9120	10.9120	-0.3	101.0
Portugal	(Esc)	202.221	-0.0020	117.882	202.221	202.221	202.221	-0.3	114.8
Spain	(Ptas)	205.938	-0.0020	970.118	205.938	205.938	205.938	-2.9	210.083
Sweden	(Skr)	11.8838	-0.0015	451.620	11.8838	11.8838	11.8838	-1.9	12.008
Switzerland	(Sfr)	2.1233	-0.0014	310.335	2.1233	2.1233	2.1233	-0.8	2.1057
UK	(Sterling)	1.5075	-0.0002	046.046	1.5075	1.5075	1.5075	-1.1	1.5035
USA	(Dollar)	1.5075	-0.0002	046.046	1.5075	1.5075	1.5075	-1.1	1.5035
Argentina	(Peso)	1.5054	-0.0003	050.058	1.5057	1.5057	1.5057	-0.3	87.4
Brazil	(Cru)	2.0714	-0.0011	705.722	2.0714	2.0714	2.0714	-0.3	2.0704
Canada	(Cdn)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Chile	(Peso)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Colombia	(Peso)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Czech	(Cz)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Dominican	(Peso)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Ecuador	(Dollar)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
El Salvador	(Dollar)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Guatemala	(Quetzal)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Honduras	(Lempira)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
India	(Rupee)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Indonesia	(Rupiah)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Japan	(Yen)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Korea	(Won)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Malaysia	(Ringgit)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
New Zealand	(Dollar)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Philippines	(Peso)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Saudi Arabia	(Riyal)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Singapore	(Dollar)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Sri Lanka	(Rupee)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Taiwan	(Dollar)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Thailand	(Baht)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
Turkey	(Lira)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4
USA	(Dollar)	1.5075	-0.0003	050.058	1.5075	1.5075	1.5075	-0.3	87.4

1994 rate for Jan 9. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. US dollar index is based on the US dollar index

WORLD STOCK MARKETS

EUROPE									
Index	High	Low	Open	Close	Change	Volume	Value	High	Low
Netherlands (Jun 9 / Fri)									
AEX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Belgium (Jun 9 / Fri)									
CEX	3,400.00	3,350.00	3,350.00	3,350.00	+50.00	3,400.00	3,400.00	3,400.00	3,400.00
Germany (Jun 9 / Fri)									
DAX	2,400.00	2,350.00	2,350.00	2,350.00	+50.00	2,400.00	2,400.00	2,400.00	2,400.00
France (Jun 9 / Fri)									
CAC	3,400.00	3,350.00	3,350.00	3,350.00	+50.00	3,400.00	3,400.00	3,400.00	3,400.00
Spain (Jun 9 / Fri)									
IBEX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Italy (Jun 9 / Fri)									
ISEQ	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Greece (Jun 9 / Fri)									
ASE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Portugal (Jun 9 / Fri)									
BVL	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Ireland (Jun 9 / Fri)									
ISEQ	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Switzerland (Jun 9 / Fri)									
SIX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Austria (Jun 9 / Fri)									
WSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Finland (Jun 9 / Fri)									
HEX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Denmark (Jun 9 / Fri)									
NOMX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Sweden (Jun 9 / Fri)									
OMXS	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Norway (Jun 9 / Fri)									
BHEL	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Poland (Jun 9 / Fri)									
GPW	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Czech Republic (Jun 9 / Fri)									
PSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Hungary (Jun 9 / Fri)									
BUX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Slovak Republic (Jun 9 / Fri)									
SSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Slovenia (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Croatia (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Bosnia and Herzegovina (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Serbia and Montenegro (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Macedonia (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Albania (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Romania (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Bulgaria (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Greece (Jun 9 / Fri)									
ASE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Turkey (Jun 9 / Fri)									
BIST	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Russia (Jun 9 / Fri)									
MOEX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Ukraine (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Belarus (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Lithuania (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Latvia (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Estonia (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00

PACIFIC									
Index	High	Low	Open	Close	Change	Volume	Value	High	Low
Japan (Jun 9 / Fri)									
Nikkei	12,100.00	12,000.00	12,050.00	12,050.00	+100.00	12,100.00	12,100.00	12,100.00	12,100.00
Hong Kong (Jun 9 / Fri)									
HKEX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Singapore (Jun 9 / Fri)									
SEI	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Malaysia (Jun 9 / Fri)									
KLSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Australia (Jun 9 / Fri)									
ASX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
New Zealand (Jun 9 / Fri)									
NZX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00

NORTH AMERICA									
Index	High	Low	Open	Close	Change	Volume	Value	High	Low
Canada (Jun 9 / Fri)									
TSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
USA (Jun 9 / Fri)									
DOW	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Mexico (Jun 9 / Fri)									
BMV	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00

AFRICA									
Index	High	Low	Open	Close	Change	Volume	Value	High	Low
South Africa (Jun 9 / Fri)									
JSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00

ASIA									
Index	High	Low	Open	Close	Change	Volume	Value	High	Low
India (Jun 9 / Fri)									
NSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
China (Jun 9 / Fri)									
SSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Taiwan (Jun 9 / Fri)									
TSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Korea (Jun 9 / Fri)									
KSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Thailand (Jun 9 / Fri)									
BSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Philippines (Jun 9 / Fri)									
PSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Indonesia (Jun 9 / Fri)									
JSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Vietnam (Jun 9 / Fri)									
VSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Singapore (Jun 9 / Fri)									
SEI	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00

MIDDLE EAST									
Index	High	Low	Open	Close	Change	Volume	Value	High	Low
Israel (Jun 9 / Fri)									
TSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
UAE (Jun 9 / Fri)									
DSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00

OCEANIA									
Index	High	Low	Open	Close	Change	Volume	Value	High	Low
New Zealand (Jun 9 / Fri)									
NZX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Australia (Jun 9 / Fri)									
ASX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00

EUROPE									
Index	High	Low	Open	Close	Change	Volume	Value	High	Low
Netherlands (Jun 9 / Fri)									
AEX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Belgium (Jun 9 / Fri)									
CEX	3,400.00	3,350.00	3,350.00	3,350.00	+50.00	3,400.00	3,400.00	3,400.00	3,400.00
Germany (Jun 9 / Fri)									
DAX	2,400.00	2,350.00	2,350.00	2,350.00	+50.00	2,400.00	2,400.00	2,400.00	2,400.00
France (Jun 9 / Fri)									
CAC	3,400.00	3,350.00	3,350.00	3,350.00	+50.00	3,400.00	3,400.00	3,400.00	3,400.00
Spain (Jun 9 / Fri)									
IBEX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Italy (Jun 9 / Fri)									
ISEQ	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Greece (Jun 9 / Fri)									
ASE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Portugal (Jun 9 / Fri)									
BVL	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Ireland (Jun 9 / Fri)									
ISEQ	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Switzerland (Jun 9 / Fri)									
SIX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Austria (Jun 9 / Fri)									
WSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Finland (Jun 9 / Fri)									
HEX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Denmark (Jun 9 / Fri)									
NOMX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Sweden (Jun 9 / Fri)									
OMXS	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Norway (Jun 9 / Fri)									
BHEL	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Poland (Jun 9 / Fri)									
GPW	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Czech Republic (Jun 9 / Fri)									
PSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Hungary (Jun 9 / Fri)									
BUX	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Slovak Republic (Jun 9 / Fri)									
SSE	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Slovenia (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Croatia (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Bosnia and Herzegovina (Jun 9 / Fri)									
SEB	1,210.00	1,200.00	1,205.00	1,205.00	+10.00	1,210.00	1,210.00	1,210.00	1,210.00
Serbia and Montenegro (Jun 9 / Fri)									
SEB	1,210.00	1,200.00							

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm class June 9

174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
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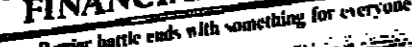
NASDAQ NATIONAL MARKET

Stock	Chg.	P	Stk	H	L	Chg.	Stock	Chg.	P	Stk	H	L	Chg.	Stock	Chg.	P	Stk	H	L	Chg.
ASX Inds. 0.12	20	33	15.4	15	15	+20	Doughpuff 0.82	12	742	427	27	27.2	+1	Black	0.12	8	100	100	100	100
AGC Corp. 0.20	72	307	17.5	18.5	18	+22	Drum 0.20	20	200	20	20	20	+1	Black	0.12	8	100	100	100	100
Academy 0.22	67	107	17.5	18.5	18	+22	Drum 0.20	20	200	20	20	20	+1	Black	0.12	8	100	100	100	100
Academy 0.22	67	107	17.5	18.5	18	+22	Drum 0.20	20	200	20	20	20	+1	Black	0.12	8	100	100	100	100
Academy 0.22	67	107	17.5	18.5	18	+22	Drum 0.20	20	200	20	20	20	+1	Black	0.12	8	100	100	100	100
Academy 0.22	67	107	17.5	18.5	18	+22	Drum 0.20	20	200	20	20	20	+1	Black	0.12	8	100	100	100	100
Academy 0.22	67	107	17.5	18.5	18	+22	Drum 0.20	20	200	20	20	20	+1	Black	0.12	8	100	100	100	100
Academy 0.22	67	107	17.5	18.5	18	+22	Drum 0.20	20	200	20	20	20	+1	Black	0.12	8	100	100	100	100
Academy 0.22	67	107	17.5	18.5	18	+22	Drum 0.20	20	200	20	20	20	+1	Black	0.12	8	100	100	100	100
Academy 0.22	67	107	17.5	18.5	18	+22	Drum 0.20	20	200	20	20	20	+1	Black	0.12	8	100	100	100	100
Academy 0.22	67	107	17.5	18.5	18	+22	Drum 0.20	20	200	20	20	20	+1	Black	0.12	8	100	100	100	100
Academy 0.22	67	107	17.5	18.5	18	+22	Drum 0.20	20	200	20	20	20	+1	Black	0.12	8	100	100	100	100
Academy 0.22	67	107	17.5	18.5	18	+22	Drum 0.20	20	200	20	20	20	+1	Black	0.12	8	100	100	100	100
Academy 0.22	67	107	17.5	18.5	18	+22	Drum 0.20	20	200	20	20	20	+1	Black	0.12	8	100	100	100	100
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Karl Capp for further details on Frankfurt Tel: 0130 5351, Fax: 069 5964481



Part 1

...and the fact that the *in vitro* and *in vivo* results are in good agreement.

AMERICA

US beverages hit by warning from PepsiCo

Wall Street

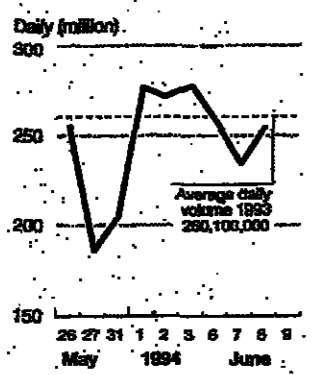
US stocks held steady in quiet trading yesterday morning, but investors in beverage and restaurant shares were rattled by a profits warning issued by PepsiCo, writes Frank McGurk in New York.

By 1 p.m. the Dow Jones Industrial Average had slipped 0.62 to 3,748.83 and the Standard & Poor's 500 drifted 0.29 lower to 456.77.

In the secondary markets, the American SE composite eased 0.78 to 439.97. The Nasdaq composite dipped 0.95 to 728.84, as technology stocks stabilised after Wednesday's sharp decline.

Before the opening, most market observers were expecting a tranquil trading session. There were no important economic releases scheduled for

NYSE volume



release and the bond market was taking a breather ahead of today's report on May producer prices.

A shred of news was forthcoming from the Labor Department, which reported that initial claims for state unemployment benefit held steady last week. But the development was brushed aside.

However, investors were unable to ignore an announcement by PepsiCo. The big soft drinks group said that its second-quarter earnings would show no improvement over last year's result. After a delayed opening, the stock tumbled 8% to \$31.4. Adding to its distress, at least two securities houses, Smith Barney and Bear Stearns, lowered their ratings on the issue.

PepsiCo's warning carried implications for the entire beverage industry, since it linked its flat performance to slumping prices in the US soft drinks business.

The brand was presumed to have affected Coca-Cola, too. Its share price was marked down 1% to \$40.01 in heavy volume of nearly 2.2m shares. Payment of the company's dividend yesterday contributed to the extra activity.

Cott, a leading private label soft drinks bottler, dropped 1% to \$17.4, though analysts said its aggressiveness was behind the pricing pressures. Snapple, which specialises in iced tea drinks, was marked

EUROPE

Daimler drops 3% on rights issue terms

Activity was muted yesterday as some of the Continent's markets began voting in the European elections, with others to follow on Sunday, writes Our Markets Staff.

FRANKFURT saw selective selling of senior blue chips, although there was no direct reaction to the Bundesbank's decision to hold key interest rates at their existing levels.

The Dax index fell 15.88 to 2,139.32, rising slightly to an intra-day high of 2,131.72 by the end of the post-bourse. Turnover was unchanged at DM5bn.

Dax stocks which lost ground included Daimler, down DM22 to DM782.50, after the announcement of its rights issue terms, and Volkswagen, DM11.30 lower at DM473.50. Mr Hans-Peter Wodnick of Robert Fleming Securities in Frankfurt said the sheer size of the Daimler issue, nearly DM3bn, should have affected the market as a whole.

Other blue chip fallers included Linde, DM6 weaker at DM293, and RWE, DM10 cheaper at DM44. Mr Wodnick commented that it did not take a lot of selling to hit the engineer's share price; but that the utility group's shares had been unsettled for some time over the conflict between state and private shareholders regarding the

future management of the RWE group.

PARIS lost most of Wednesday's gains as the market remained unable to break out of its current trading range. The CAC-40 index was off 18.42 at 2,028.39 after a low of 2,011.54. Turnover was around FF4bn.

Suez dipped FF4.50 to FF311 as Generali, of Italy, confirmed that it had withdrawn a bid for the Groupe Victoire subsidiary. Suez has said that it would make an announcement on the future of its subsidiary by June 15.

Romy Disney lost FF1.50 to FF34.10 as investors reacted to Wednesday's rights issue news. Milan was overcome by technical factors ahead of next week's close of the monthly account and with the tax incentives to boost industry, announced late on Wednesday, proving in line with expectations.

The Comit index fell 4.21 to 755.23 in the absence of foreign demand and with domestic funds holding back in preparation for the Ima privatisation on June 27.

The insurance sector, already weakened by investors' lightning holdings ahead of the flotation, was further hit by the ruling by Italy's anti-trust body fining 11 companies

FT-SE Actuarial Share Indices

Index	June 9	June 8	June 7	June 6	June 5	June 4	June 3	June 2	June 1
FT-SE 100	1438.25	1438.25	1438.25	1438.25	1438.25	1438.25	1438.25	1438.25	1438.25
FT-SE 250	1438.25	1438.25	1438.25	1438.25	1438.25	1438.25	1438.25	1438.25	1438.25

a total of 1,200m for setting up a cartel in the non-life insurance sector.

Among those to be fined, Generali lost L232 or 1.6 per cent to L44,394. Ras dipped L588 or 2 per cent to L28,350. Fondiaria fell L151 to L4,975, and Sai shed L112 to L23,421. News that Generali was withdrawing its offer for Groupe Victoire came too late to influence trading.

Montedison dipped L14 to L1,466 in continuing heavy volume of 32.9m shares on profit taking after the European Union's go-ahead for the plastics joint venture with Shell.

Fiat dipped back below L7,000, losing L33 to L6,922 amid some disappointment at the absence of incentives to boost car sales in the government's economic package.

AMSTERDAM drifted down, the AEX index finishing off 1.24 at 405.25.

Amey, the financial services

group, which reported a first quarter rise in profits of 18 per cent, eased 20 cents to F177.50.

Nedlloyd was another of the day's losers, down 30 cents at F167.50. The shipping group said that it expected further improvement in capacity on Far Eastern routes.

ZURICH was lower on futures related selling and with the market hesitant ahead of today's US producer prices. The SMI index fell 23.3 to 2,777.2.

Nestlé continued to be actively trading, but fell SF5 cent amid heavy demand from institutional buyers taking the market's cumulative gain over the week to 5.3 per cent. The Mithram index rose 6.96 to 185.45. This week's performance came after a month in which the market lost almost a quarter of its value.

Written and edited by William Cochrane, John Pitt and Michael Morgan

Vienna rises ahead of referendum

Speculation on the outcome of Sunday's referendum on joining the European Union took Austrian share prices up a further 1.4 per cent yesterday for a two-day rise of 3.1 per cent, writes William Cochrane.

The Vienna stock market's ATX index ended 14.52 higher on the day at 1,007.53 after rising for a more spectacular gain, in which it recorded an intraday high of 1,061.55. This followed a 3.6 per cent advance on Wednesday as speculators bought for a "yes" vote, and short-covering assumed panic proportions following a key chart reversal.

However, brokers were cautious about the upswing. Mr Frank Jonuschak at James Capel in London noted that the ATX hit a 1994 low of 1,011.38 recently as Monday, down by 17.3 per cent from its February 1 high for the year.

Yesterday's gains, he said, were inclined more towards the utility and construction stocks, which had been hit severely by the market's decline this year, rather than the highly cyclical shares that had outperformed.

In this, said Mr Jonuschak, investors were hedging their bets because they were cautious about the outcome of the referendum.

ASIA PACIFIC

Foreign demand sustains Nikkei at two-year high

Tokyo

Growing optimism pushed share prices up strongly for a third straight day in active trading, writes Robert Patton in Tokyo.

The Nikkei 225 average added 140.84 to 21,402.75, its highest close in more than two years. Although there was heavy profit-taking, foreign investors joined some domestic institutions in a wave of buying.

Volume was estimated at 850m shares, sharply above Wednesday's 590.3m and the heaviest since the 950.8m that changed hands on February 1. Rises led falls by 721 to 303, with 182 issues unchanged.

The capital-weighted Nikkei 300 finished at 31,160, up 1.75, and the Topix index of all first section stocks gained 11.42 to 1,709.16. In London the ISE/Nikkei 50 index firmed 4.21 to 1,414.69.

The market scraped bottom at 21,263.95 on the Nikkei 225 in the first half-hour, but it had made the bulk of its gain by mid-morning; the afternoon session saw heavy trading across all sectors, with individual investors appearing on the buy side, and the day's peak of 21,455.49 was reached shortly before the close.

Brokerage houses benefited from the return of activity that spells high commission income. The "Big Four" houses all gained ground. Nomura Securities advancing Y90 to Y1,440, Yamachi Y31 to Y90, Nikko Y40 to Y1,440 and Daiwa Y20 to Y1,840. Smaller firms also posted strong gains. Wako Securities added nearly 10 per cent, moving up Y120 to

Y1290, and Marusan Securities climbed Y80 to Y1,250.

Shipbuilders rose in active trading. The volume leader, Mitsubishi Heavy Industries, moved up Y38 to Y919 in heavy foreign buying that pushed turnover to 40.5m shares. Mitsui Engineering and Shipbuilding advanced Y13 to Y384.

The second most active stock, Oki Electric, added to its previous strong gains, rising Y49 to Y789, a new high for the year, in volume of 29.6m shares. Other electricals were mixed. Toshiba put on Y27 to Y659 but Fujitsu fell Y20 to Y1,130. NTT climbed Y4,000 to Y886,000.

Analysts were generally encouraged by the renewed healthy activity in the market, but caution prevailed because of the unstable political situation and tomorrow's release of the tankan, a quarterly index of business sentiment.

In Osaka the OSE average rose 178.01 to 23,530.64 in volume of 62m shares.

Roundup

A mixed performance was seen in the Pacific Rim.

HONG KONG declined 1.1 per cent, ending at 10,540.30, after a late fall in futures prices and weakness in the property sector as investors assessed the impact of government measures to cool the overheated housing market.

The Hang Seng index closed 100.54 lower at 9,190.64 as arbitrage trading was seen between the physical and the futures market.

Among property issues, Cheung Kong dipped 75 cents to HK\$22.50. Henderson Land HK\$1 to HK\$40.25 and Sun

Hung Kai Properties HK\$1.50 to HK\$55.50.

HSBC Holdings dropped HK\$1.50 to HK\$85.50, a day after Merrill Lynch and SBC issued covered warrants on its shares and amid speculation that warrants were about to be issued on shares in Hang Seng Bank and Hong Kong Electric.

TAIPEI tumbled 2.6 per cent on profit-taking, mainly by domestic investors. The weighted index shed 156.20 to 5,943.39 in 797.5m turnover.

The electronics sector was the worst affected, with Acer falling by the maximum permitted 7 per cent limit to T\$70. SEOWU was mixed in moderate trading as selective gains were mostly offset by marginal losses in blue chips. The composite index ended 2.77 higher at 935.79 as the impact on the market of the North Korean nuclear issue appeared to be weakening.

KUALA LUMPUR was spurred higher by an unexpected flurry of late demand for blue chips, and the composite index reversed early weakness to finish 12.41, or 1.3 per cent, ahead at 981.72.

Tenaga moved forward 40 cents to M\$18.00 and Telekom 50 cents to M\$19. Genting rose M\$1 to M\$31 as the market revised the company's earnings forecasts upwards due to projections for better earnings from its power unit, Genting Sanyen.

BOMBAY finished at a four-month high, the BSE 30-share

index adding 104.04, or 2.5 per cent, at 4,137.70. It was the first time that the index had topped 4,100 since February 28, when India announced its national budget.

The index had since fallen, marking disappointment with the budget and in response to the ban on *hedge* or carry forward trading. The current revival has been triggered by strong corporate results and the prospects of a normal monsoon.

SINGAPORE was helped higher in thin trading by some late foreign demand for blue chips which reversed earlier losses. The Straits Times Industrial Index advanced 16.69 to 2,232.34.

MANILA fell as investors

took profits ahead of forthcoming new issues. The composite index shed 26.3 to 2,960.85 in turnover of 900.1m pesos.

SYDNEY was discouraged by weaker bonds which dragged equities down later in the session. After a day's high of 2,090.5, the All Ordinaries index ended a net 2.0 off at 2,076.7. Turnover amounted to A\$519.9m.

Strength in commodity prices helped Western Mining rise 17 cents to A\$8.12, while MIM was up 5 cents at A\$3.32.

WELLINGTON shrugged off early weakness to finish a thinly traded session higher on rises in a number of major issues. The NZSE-40 capital index gained 9.52 to 2,125.87 in turnover of NZ\$33.7m.

Firm bullion price picks Johannesburg up from lows

Equities picked up from the session's lows, helped by the firmer gold bullion price.

Foreign investors were reported as remaining reluctant to enter the market ahead of the budget on June 22 and before further clarification of economic policy.

The overall index gained a net 3 at 5,596 and Industrials 2 at 6,593, while golds lost 15 on balance at 1,995.

The mining sector was mixed - Gencor put on 20 cents at R11.40 and Anglovaal slipped R5 to R130. Lonrho relinquished 10 cents to R9.50 in spite of higher first-half profits.

De Beers shed 25 cents to R114.25, while Anglo added R1 at R233.50.

Remgro bounced 25 cents to R28 following improved annual results, while Premier finished 5 cents firmer at R6.50,

also following better earnings for the year.

Oryx, the developing gold mine which is finalising refinancing plans, shed 15 cents to R10.50, while marginal gold mine, retested 25 cents to R16.

The Argus, threatened by strike action, dropped R3 to R45 after a strong rise on Wednesday ahead of the Argus Newspapers division's listing on June 13.

FT-ACTUARIAL WORLD INDICES

Index compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries																
NATIONAL AND REGIONAL MARKETS		WEDNESDAY JUNE 9 1994										THURSDAY JUNE 9 1994				
Figures in parentheses show number of lines of stock		US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local Currency % change on day	Gross Dividend Yield	US Dollar Index	Tuesday Closing Index	Yen Index	DM Index	Local Currency 52 week High	52 week Low	Year ago (approx)
Australia (69)	174.20	0.2	171.38	114.55	151.23	157.88	0.3	3.49	173.84	171.03	115.64	150.88	157.44	181.15	130.19	132.24
Austria (17)	173.73	3.0	170.92	114.24	150.82	150.74	3.2	1.08	168.58	165.86	112.14	146.32	146.05	195.41	142.90	143.17
Belgium (67)	168.30	1.0	165.61	109.28	144.38	140.95	1.0	3.81	164.59	161.18	108.52	142.90	138.20	176.67	142.02	143.17
Canada (108)	126.76	-1.4	126.08	84.87	111.78	128.23	-1.1	2.84	120.57	126.48	86.85	113.33	128.85	146.51	121.48	128.63
Denmark (23)	251.00	1.1	248.95	165.06	217.80	222.76	1.0	1.32	248.16	244.15	165.10	218.30	220.55	275.79	207.58	215.82
France (67)	141.02	0.1	138.74	82.73	122.42	183.63	-0.1	0.89	140.90	138.82	83.73	122.30	183.68	183.72	85.54	89.28
Germany (59)	187.17	1.0	184.47	106.33	146.12	188.22	1.0	3.02	185.34	182.88	110.11	143.88	147.79	185.37	148.80	155.00
Italy (65)	136.40	0.4	134.25	89.73	115.46	118.48	0.5	1.74	132.86	133.67	90.38	117.82	117.82	147.07	107.58	112.44
Hong Kong (69)	380.98	0.0	374.63	230.30	330.75	376.18	0.4	3.14	378.08	374.53	232.58	325.53	376.77	508.58	271.42	265.55
Japan (69)	148.39	-0.1	147.58	85.65	122.29	107.85	-0.1	1.46	148.16	147.14	121.18	145.43	145.43	177.78	107.58	112.44
Korea (26)	80.03	-0.1	87.59	58.85	72.29	107.85	-0.1	0.84	96.16	97.72	59.21	73.39	107.77	77.78	57.88	67.71
Malaysia (26)	198.70	2.1	191.08	107.68	142.11	107.85	0.9	0.71	190.51	187.72	108.84	129.14	108.84	189.91	124.54	144.42
Netherlands (28)	187.89	-0.9	184.13	285.22	390.13	448.38	-1.1	1.80	183.58	184.26	301.73	383.70	403.27	821.83	512.51	342.80
New Zealand (14)	150.40	-0.2	149.36	45.69	80.32	82.47	0.0	3.53	150.51	149.49	46.31	82.42	82.45	77.59	48.57	49.04
Norway (26)	195.76	-0.6	192.75	122.15	161.26	182.32	-0.8	1.81	198.79	193.77	124.25	162.12	183.34	206.42	150.61	152.92
Singapore (44)	340.18	-0.5	334.68	223.70	235.32	240.16	-0.5	1.77	341.90	338.38	227.43	236.78	241.47	378.92	242.46	240.88
South Africa (58)	272.71	1.8	268.50	179.58	236.74	284.32	1.3	2.20	268.51	263.97	179.48	232.88	281.91	380.26	178.53	194.41
Spain (22)	142.15	0.8	140.83	84.13	124.27	142.22	0.8	0.59	142.23	139.83	84.61	125.45	147.32	155.79	119.32	129.42
Sweden (26)	215.35	0.4	211.87	141.81	189.86	203.15	0.4	1.58	214.01	213.07	142.71	188.21	202.18	231.85	188.55	178.51
Switzerland (47)	161.46	0.9	158.85	106.18	140.77	141.54	0.7	1.72	160.10	157.51	106.50	138.96	140.50	176.59	124.48	127.39
United Kingdom (68)	187.25	1.1	184.22	123.13	182.55	184.22	1.1	4.07	185.29	184.20	123.06	160.83	182.50	214.96	170.32	175.75
USA (618)	186.41	-0.3	185.50	122.65	181.91	186.51	-0.3	2.57	187.02	186.40	124.41	182.33	187.02	193.04	178.95	181.21
Brazil (119)	160.31	0.8	162.84	106.71	143.51	165.82	0.7	2.89	164.08	161.03	106.14	142.41	154.47	178.58	141.58	144.32
China (119)	204.32	0.5	201.22	134.49	175.55	203.25	0.4	1.44	203.89	202.20	134.43	178.71	207.44	228.59	185.82	185.48
Europe Pacific (108)	171.32	1.8	168.58	112.86	146.73	117.14	0.8	1.83	168.31	165.59	111.88	146.09	116.20	171.22	134.79	155.74
Far East (108)	188.06	1.4	185.83	110.81	144.41	132.71	0.8	1.84	188.36	185.59	110.88	144.42	131.88	170.78	141.98	151.76
North America (62)	182.83	-0.3	179.88	120.29	158.80	182.51	-0.3	2.88	183.52	180.55	122.08	159.28	160.07	192.73	178.67	178.28
South America (62)	140.88	0.8	147.25	82.42	123.22	137.28	0.6	2.36	148.81	146.40	89.39	126.18	139.82	187.47	122.57	125.72
Europe Ex. UK (918)	247.46	0.0	243.47	162.73	214.83	222.28	0.0	2.87	247.26	245.57	164.88	214.83	222.21	239.21	182.38	189.51
Pacific Ex. Japan (261)	247.46	0.0	243.47	162.73	214.83	222.28	0.0	2.87	247.26	245.57	164.88	214.83	222.21	239.21	182.38	189.51
World Ex. US (1961)	166.76	1.3	167.01	111.83	147.38	138.00	0.7	2.02	167.01	165.06	114.32	143.17	143.17	185.22	138.59	138.59
World Ex. UK (1965)	173.03	0.7	170.23	113.76	150.21	146.56	0.3	2.02	172.49	169.81	114.74	146.72	150.37	176.56	155.00	160.00
World Ex. So. Af. (2111)	176.71	0.7	170.90	114.23	150.80	150.88	0.3	2.21	172.49	169.81	114.74	146.72	150.37	176.56	155.00	160.00
World Ex. Japan (1961)	182.18	0.1	179.24	118.90	151.55	176.98	0.1	2.88	180.00	179.06	121.07	157.97	176.77	196.20	166.72	167.03
The World Index (2170)	174.30	0.7	171.49	114.82	151.31	161.60	0.4	2.21	173.07	170.27	115.13	150.21	161.54	178.97	160.17	161.02
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RECRUITMENT

Jobs: Proving that it is not only the Names who are suffering from the continuing fall-out at Lloyd's

Peer pressure for jobs in the City

There he was, a fully fledged peer of the realm; monocled, wearing a pink shirt, sitting behind a desk in an outplacement centre looking for a job.

Rather like finding the Queen Mother in Ladbroke's, it just didn't seem right that a paid up member of the aristocracy should be reduced to the ranks of the unemployed.

Lord Strathairn thought differently. Out of a job at the R.W. Sturge Syndicate in Lloyd's, he is undergoing an outplacement course tailored to executives at KPMG Career Consultancy Services.

He is better off than most. Financially, the wolf is still some way from the door. He has a network of old friends and contacts that should, in theory, be able to provide a safety net of sorts. But Strathairn is reluctant to rely on the old school tie.

He was managing director of the members agency at Sturge before it was reorganised in line with Lloyd's recommendations for members to have greater independence from their managing agents, something which Strathairn himself supported.

Now, at the age of 46, he has found himself for the first time in

his life standing back and taking a long hard look at his future. The experience, he admits, is not free from fear or worry. But he is far from downhearted. "I have always believed that change is the best sort of challenge," he says.

The outplacement was included as an optional part of his severance package. It gives him the use of an office and secretary and access to training sessions and techniques aimed at improving his chances of finding employment.

As a qualified chartered accountant, Strathairn should not find opportunities wanting, but he is concerned to find the right kind of job and has set himself a nine-month target to find a suitable position. What this may be is not yet clear but he says he is seeking a job that will best utilise his skills.

"I want something to which I can add value. I know that when it feels right I will be able to tell."

Strathairn's position demonstrates that unemployment is no longer the preserve of the unskilled or unqualified. He is, however, obtaining the kind of help with job search not normally provided for

the laid-off production worker. The executive programme at KPMG provides private offices and secretaries on a separate floor of the consultancy. The idea is to provide a more sophisticated outplacement service, partly to soothe the bruised pride of losing a top job, and partly in recognition that the shock of losing the trappings of position can often be as severe as that of losing the job itself.

Other job-seeking managers and staff work in an open plan office environment where all have access to telephones, a research department and various classes, such as programmes on telephone technique or negotiating skills. One obvious benefit of this arrangement is that all also have access to each other to share their experiences.

One of the most striking impressions of outplacement is that it helps restore morale and gives people time to think about their future careers.

Roger Shipton, a consultancy partner, said: "Getting another job is not as difficult as some people suggest but it is critical that people take the time to assess what they

particularly want to do. That way they are more likely to find the right job."

Opting for change

Worried about your executive share options? There is nothing to fear, according to a new survey which shows they are alive and kicking in spite of shareholder criticisms of executives cashing in on huge share price multiples that tended to flatter their individual performance record.

There is evidence that some companies are dithering about what scheme to offer next after the institutional backlash last year that led the two big institutional bodies, the National Association of Pension Funds and the Association of British Insurers, to lay down criteria for performance conditions on the exercise of options.

The vast majority of those renewing schemes, however, are now including performance conditions. An analysis of shareholder documents issued since mid-July and the end of May found that 39 of the top 350 UK-listed companies have asked

shareholders to renew their 10-year-old schemes.

Only three of the companies said they were not imposing performance conditions on the options.

Surprisingly 11 companies asked for and obtained approvals from shareholders for unspecific schemes although the boards gave assurances that they would include conditions.

New Bridge Consultants, which carried out the survey, ventured that most of these were probably waiting to see what other companies were doing before committing themselves.

Of the 25 companies which have stated their condition, most - 64 per cent of them - have chosen Earnings Per Share as a performance measure. Some 16 per cent of the companies are using share price and 20 per cent have opted for the concept of total shareholder return (growth in share price plus dividends).

The study also looked at the targets chosen by companies and although the information was unclear in 13 per cent of companies using EPS, the vast majority - 87

per cent - are measuring its growth against the Retail Prices Index.

Of those companies, 71 per cent use a formula of RPI plus 2 per cent per annum over a three-year period. Among them are Coats Viyella, Forte and Cadbury Schweppes.

Companies using share price or total shareholder return measure against various indicators. The most popular is one of the main FT indexes (45 per cent), used by Incecape, Tarmac and Guinness among others. Of the rest, 11 per cent compare performance against a sector, 11 per cent against a mixture of an FT Index and RPI.

David Tankel, New Bridge Street Consultants director, said: "It may surprise some people that earnings per share has come top of the heap. A lot of people have been expecting other measures to take over but it is not dead yet." Information about the report can be obtained from the consultancy, tel 071 236 1086.

For motivation

A comment that emerged time and again among veterans at the D-Day

commemorations was that "We felt we were doing something worthwhile."

Imagine if it were possible to replicate in peacetime the human effort and ingenuity arising out of necessity in wartime. Unfortunately too few managements today appear to consider motivation beyond different pay arrangements.

A survey carried out by the MSF technical union among employees of insurance companies found that less than a sixth of them believed that their managements motivated them to perform well.

Only 18 per cent thought their performance assessment system was fair and fewer still - 15 per cent - thought promotion was carried out fairly and three-quarters of them thought training was inadequate. Only 21 per cent believed their company treated employees with respect, while only 18.2 per cent considered that management information could be trusted.

If this is reflected in other sectors it is perhaps understandable why the veterans remember not just those who died but their achievements with pride. There is little to match their endeavours today.

Richard Donkin

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Moor House, 8th Floor, 119 London Wall, London EC2Y 5ET.
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EMERGING MARKETS

SEARCH & SELECTION

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The successful applicant will hold a business related degree and have at least three years analytical experience, including one year covering North Africa.

The individual will have proven analytical and presentation skills and have written and conducted specific country and company research in North Africa. Experience of covering other Middle Eastern/African Emerging Markets would also be an advantage.

Applicants could either come from within the fund management or brokerage industries, and should have membership of an appropriate professional body. Experience of relevant computer packages is essential.

The individual will have travelled extensively in the region and will have a sound cultural awareness and the ability to converse in at least one Mediterranean language. They will have the energy, enthusiasm and ambition to be comfortable working within a highly pressurised and performance - orientated environment.

Please send your CV in complete confidence to:

Adrian de Vere Green
Emerging Markets Search and Selection
29 Marcus Avenue London EC2V 5ET
A Division of Global Markets Recruitment Ltd
Tel: 071 600 4744 Fax: 071 600 4717

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\$90,000 base plus bonus

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The role would suit an innovative strategic thinker, currently running a successful Base or Precious Metal, Energy and/or Currency Options operation - or an ambitious number two, looking to join an organisation which recognises and rewards achievement.

Please call Trish Collins to discuss the position in more detail.
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Fax: 071-929 2805

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analysis of property investment transactions. Working in contact with clients and other syndicate banks, you will also maintain close liaison with our Tokyo Head Office. A knowledge of the property market, particularly commercial investment property is essential. Positive analytical capabilities with strong financial modelling and credit skills, plus a detailed knowledge of Lotus are also vital requirements. All of which must be combined with a natural talent for both verbal and written communication, endless patience and a good sense of humour. The rewards for this exceptional combination of abilities includes a first rate salary, the full range of banking benefits and excellent future prospects. Please write enclosing your full CV to:

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IBJ
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Managing Director – Finance or Head of Risk Management Investment Bank £100,000 – £300,000

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Very high intellect, stature and excellent leadership and interpersonal skills are essential at whatever level the appointment is made. The right person will probably have a background in financial services, but not necessarily in banking. An accountancy qualification would be a plus. Age is open, but probably between 40 and 45.

Applicants' names will not be disclosed to our client or to anyone else without their specific approval.

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To apply for this position and to assist in meeting selection process requirements, please send a curriculum vitae stating your current salary and apply in writing for an application form to Sheila Hogg, Personnel Officer, Scottish Mutual Assurance plc, 109 St. Vincent Street, Glasgow G2 5HN or telephone 041-275 2738, 9am to 5pm weekdays.

To support a healthy work environment, Scottish Mutual has a no smoking policy.

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- providing technical advice and liaising with the scheme actuary;
- communication of pension policies to local pension committees and the scheme membership; and
- preparation of business development strategies.

The successful candidate will have significant experience of the pensions industry at a senior level and will probably be a qualified actuary. Excellent interpersonal skills, a strong commercial awareness and a high level of self-motivation are desirable qualities.

Interested candidates should write to or phone David Adams, Chief Executive, British Rail Pension Trustee Company Limited, Birchall Court, 20 Birchall Lane, London EC3V 9AX (Tel. 071 929 2301). A CV should be enclosed upon receipt of which an Information Pack containing more information on the position will be provided. Applications should be received by the closing date on 22 June 1994.



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Annie Armandias
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For an application form send a postcard (quote ref. 15559/F) by June 14th to BBC Recruitment Services, PO Box 7000, London W12 7ZY. Tel: 081-749 7000 Minicom 081-762 5181.

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Salary and benefits package negotiable to £35,000. Moving into superb new offices near St. Paul's. A rewarding assignment offering considerable scope to the ambitious.

Please send a full CV including current salary, in confidence, to John Miller, Director of Personnel, Hill Samuel Investment Management Group, 45 Beech Street, London EC2P 2LX. Telephone: 071-638 1774. Fax: 071-638 3840.

HSIMG - Investing in equality of opportunity.
A member of the TSB Group.

Nomura Bank International plc Corporate Banking Marketing Officer

Nomura Bank is part of the Nomura Group which is one of the World's major financial institutions. Nomura in London is the centre of a European operation providing a comprehensive and growing range of Corporate Banking and International Treasury services to customers. The Bank's chosen market is major Corporate and Institutional Groups throughout Europe.

As part of the Bank's strategy for expanding our banking activities in London and Europe we now wish to strengthen our UK Marketing Team by recruiting an experienced banker who will be able to develop current and new relationships quickly.

Successful applicants will be Graduates preferably ACIB or ACT qualified with a minimum of 5 years' experience

of marketing to major UK and/or European Corporates. Applicants with sound experience in marketing to non-bank Financial Institutions will also be considered. First class credit skills, a good track record of relationship development and a knowledge of Treasury related products are essential.

This is an excellent career opportunity as the Bank develops its new Banking strategy for the UK and Europe.

Please write with a full CV including salary details to: Linda Cobbold, Manager, Personnel, Nomura Bank International plc, Nomura House, 1 St Martins-Le-Grand, London EC1A 4NP.

CJA RECRUITMENT CONSULTANTS GROUP

2 London Wall Buildings, London Wall, London EC2M 3PP
Tel: 071-588 3588 or 071-588 3576
Fax No. 071-256 8501

You are in institutional equities sales or Asian fund management: realise your full potential by using your transferable skills to sell Asian equities within Asia and other key locations worldwide. You will need to be free and willing to relocate to the appropriate location when and where required.

SUB-CONTINENTAL EQUITIES SALES

SPECIALIST BROKING FIRM BACKED BY A MAJOR EUROPEAN BANK



SUB-CONTINENTAL EQUITIES

NEW YORK/HONG KONG

£40,000 - £70,000 + BONUS

For both these appointments we invite applications from candidates who must have been in Equities Sales or Asian fund management for at least 2 years, the former selling successfully to institutional investors. An understanding of immature markets is crucial. You will report to the country Chief and be responsible for selling Sub-continental Equities for the Hong Kong based assignment to the Asian client base and in New York to the US client base. Essential qualities are to be highly self motivated and results driven. Initial base salaries are negotiable in the range £40,000 - £70,000 (this could be more in exceptional cases) + bonus + significant cash based benefits.

Candidates wishing an initial discussion, please telephone 071 588 3588 during office hours or 0206 210089 at other times or write in confidence quoting appropriate reference HK4977/FT or NY4978/FT to the Managing Director, CJA.



SUB-CONTINENTAL EQUITIES

LONDON

£40,000 - £70,000 + BONUS

For this assignment based in London, we are seeking similarly qualified candidates to the above to sell Sub-continental Equities to our clients within the UK and EEC. Here you will report to the Divisional Director. Ref: SEL25457/FT



INDIAN EQUITIES

BOMBAY

£40,000 - £70,000 + BONUS
+ LOCAL BENEFITS



PAKISTANI EQUITIES

KARACHI

£40,000 - £70,000 + BONUS
+ LOCAL BENEFITS

Here we invite applications from similarly qualified Equity sales staff or Asian Fund Managers who, based in Bombay or Karachi, will sell respectively Indian or Pakistani Equities to International institutional clients. In Bombay the selected candidate will head Indian sales and in Karachi will combine this with some corporate work. Fluency in English is essential and local linguistic skills will be helpful but not essential. Ref: B25458/FT or Ref: K25459/FT depending on location.



KOREAN EQUITIES

LONDON

£40,000 - £70,000 + BONUS

Also for this same client we invite applications from candidates whose experience must include having sold Korean paper to a UK and EEC client base, and/or having been a Korean Fund Manager. Knowledge of the Korean language is desirable. This is a London based job, at least for the first 2 years, and then the position could relocate to the Korean office. Ref: KE25460/FT.

For all of the above four CJA appointments we are particularly keen to hear from candidates in strict confidence by telephone on 071 638 4884, or alternatively written applications quoting the relevant reference number will be forwarded to our client. If there are any companies to whom you do not wish your application to be sent, these should be listed in a covering letter and the envelope marked for the attention of the Security Manager: CJA



Monitoring

'Supervision of Derivatives'

This Department, within the Securities and Investments Board (SIB), is responsible for supervising LIFFE, OMLX, LME, IPE, LCE and the London Clearing House. These are all "Recognised Bodies" (RBs) under the Financial Services Act.

The Head of Department wishes to appoint individuals at both a senior and junior level for roles which will include:

- Undertaking monitoring projects involving fact finding enquiries.
- Producing reports for external and internal consumption.
- Promoting relationships with staff at the RBs which will lead to the open exchange of information, views, regulatory ideas and suggestions.
- Reviewing follow-up action.

At the senior level, the successful applicant will organise/supervise the work of the monitoring team, including training in monitoring methods, supervising and reviewing work done and documentation prepared and assessing performance. The junior appointee will provide advice and support to senior staff and will assist in supervision policy work.

Applicants for both roles should ideally be educated to a degree standard and have a working knowledge of the derivatives markets, including participants, business conducted and products traded.

In addition to this, senior applicants should be familiar with the philosophy and practice of regulation in the derivatives and capital markets arenas, including the RB rulebooks as well as the wider regulatory environment. Management skills are essential.

All applicants should have the ability to gather information efficiently from interviews and documentary review, and be able to analyse regulatory philosophies, systems, arrangements and procedures, presenting the information concisely clearly and accurately in both oral and written form.

Obvious personal qualities include tact, discretion and diplomacy.

Interested applicants should in the first instance, contact Anna Williams for an information pack quoting reference 191798 or Michael Page City, Page House, 39-41 Facker Street, London, WC2B 5LH. Closing date: 24th June 1994.



Michael Page City

International Recruitment Consultants
London Paris Amsterdam Düsseldorf Sydney

Head of New Issues

Global Capital Markets

To £80,000 + Full Banking Benefits

City

Outstanding opportunity to build and lead full-service capital markets team.

THE COMPANY

- ◆ Major global banking group. Well established UK presence.
- ◆ London based securities subsidiary renowned for capital markets trading and product development.
- ◆ Quality client base serviced through international network.

THE POSITION

- ◆ Develop new issues activity particularly in Europe, North America and Far East.
- ◆ Establish and cultivate relationships with major banks and financial institutions.

- ◆ Lead marketing and syndications activity in debt and equity products. Drive major expansion.

QUALIFICATIONS

- ◆ Experienced new issues and syndications professional with leading investment house. Wide knowledge of capital markets products. Probably aged 35-45.
- ◆ Excellent client handling skills and ability to inspire small team.
- ◆ First class communicator. Committed, motivated, ambitious, with proven selling skills.

Please send full cv, stating salary, ref CN2292, to NBS, 54 Jermyn Street, London SW1Y 6LX

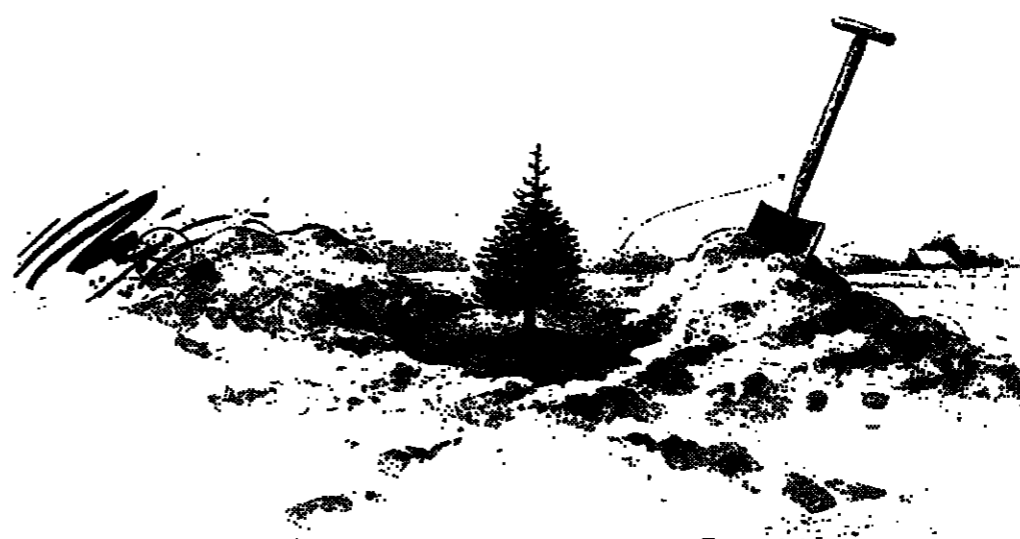


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Eastern Europe is full of growth potential.



We seek capital markets specialists who can make it happen.

Integrated investment banking

ABN AMRO Bank has integrated its investment banking skills and maintains a large team of investment analysts to offer clients complete solutions. Our consistent philosophy is to favour long-term relationships over one-off deals.

ABN AMRO's specialists have over 50 dealing rooms at their disposal - including the largest integrated dealing room on the European continent.

Committed to Central and Eastern Europe

We can claim a leading position in Central and Eastern Europe. At the moment we have full-service offices in Prague, Budapest, Warsaw, and Moscow, and representative offices in Kiev, Almaty, and St. Petersburg. Recently we established an advisory agency in Sofia.

Further expansion plans as part of our steady and solid international expansion are well advanced.

Professional required to spearhead expansion

To assist us in our ambition to strengthen even further our position in Eastern Europe, we are looking for a proven

professional who is willing to accept the challenging position of a senior capital markets specialist.

Capital markets specialist profile

The person we are seeking must share our commitment to Central and Eastern Europe and have proven knowledge of the capital market in this area. A detailed knowledge of and experience in origination of both equity and fixed income transactions in domestic and foreign currencies is essential and knowledge of other parts of the value chain is also expected.

The successful candidate will probably speak several languages, including either Polish, Hungarian, or Czech. Although the position is based in Amsterdam, considerable travel in the region will be essential.

Something for you?

Then speak to the bank. You can obtain more information about this challenging position from A.H. Rijkers, telephone (31-20) 628 39 96.

CREATING THE STANDARD IN BANKING.



ABN AMRO Bank

ABN AMRO BANK N.V. HAS BRANCHES IN ALMATY, BUDAPEST, PRAGUE, MOSCOW, SOFIA, ST. PETERSBURG, VIENNA, WARSAW
HEAD OFFICE: ROYINGDIJK 22, 1102 BS AMSTERDAM, THE NETHERLANDS. TELEPHONE 01-201 628 31 91

INVESTOR RELATIONS CONSULTANTS

Frew Macmaster is an independent investor relations company with a high quality client base in the U.K. and Europe. We are a strongly client focused firm and owing to further expansion we are looking for two professionals to join the team.

The business already has an important bias towards fund management and ideally you will have proven experience in fund management or stock analysis/accountancy. You will be actively involved in developing relationships both with our existing client base and new clients, therefore written and verbal communication skills are vital together with a high degree of numeracy. PC skills, including knowledge of spreadsheets and databases are also required. The positions lend themselves to those who are self starters with ambition to further their careers.

This is an exciting time to join the business as it continues to grow successfully. A generous remuneration package will be offered to the successful applicants.

Please apply in confidence, in writing to Sonja Berriman,
Frew Macmaster Ltd, 66 Queen Anne St London W1M 9FA.

Frew Macmaster is a equal opportunity employer.

Technical Analyst

Bring a global perspective to
Equity Markets

City

Swiss Bank Corporation is one of the leading international investment banks. The fact that Technical Analysis enjoys a high and growing profile amongst traders and the sales function is reflected in the creation of this new specialist role with its focus on the European Equity Market.

Taking a medium to long-term view of the market, you will typically provide forecasts on between 100 and 300 stocks - ranging from the FTSE 100 to the broad spread of pan-European stocks.

Ours is a young, progressive and change-oriented culture where personal and professional authority count for a great deal. The ability to establish total credibility with your peers is therefore of paramount importance. You will need to be able to deliver measurable results via both verbal and written communications - gathering and rationalising information and providing reports that are both comprehensive and comprehensible to clients and senior managers alike.

Your five plus years' experience of Technical Analysis must include at least one year in Equities. It is also essential that you are familiar with the use of Elliot Wave Analysis techniques and their current application to the Equities market as well as, ideally, Canna.

If you possess the energy, motivation and flexibility to succeed in an environment of healthy competitiveness, we would welcome your application. Please write, enclosing your CV, to Lynn Temple, Swiss Bank Corporation, Swiss Bank House, 1 High Timber Street, London EC4V 3SB.

Swiss Bank Corporation

Investment Analysts/Fund Managers Far East/Japan

City Based/Excellent Package including Car

Following the successful merger of the Allied Dunbar and Eagle Star investment teams, Threadneedle Asset Management is now one of the largest UK based investment management houses with approaching £30bn under management.

The Far Eastern and Japanese teams manage Insurance, Unit Linked and Corporate Pension Funds of approximately £2.5bn. They are now looking for two people with degrees in economics or a similar numerate discipline to provide research back-up on either the Japanese or Far Eastern markets including the Indian Sub-Continent.

Probably in their mid 20's candidates must have a minimum of two years experience in investment analysis or fund management. Previous Far Eastern experience is not essential; we are looking for fast learners with a disciplined approach to analysis who can be effective team members. They will also be numerate, have initiative and excellent communications skills to ensure that information is presented clearly and concisely.

In return we offer an attractive salary plus a benefits package including company car, interest-free season ticket loan, share option schemes, non-contributory pension, life assurance and health club membership.

If you have these skills please send your CV to:

Richard Fuller, Senior Human Resources Officer, Threadneedle Asset Management Ltd, 60 St Mary Axe, London EC3A 8JQ.

Threadneedle Asset Management is committed to equal opportunities and welcomes applications from all sections of the community.



Threadneedle

Financial information is correct as at 31st December 1993.

SCOTTISH WIDOWS PENSION FUND MARKETING

Edinburgh

Scottish Widows Investment Management Limited is a major investment house with assets under management exceeding £20,000m. It is a market leader in UK pension funds and seeks to appoint an ambitious young professional to join its pension fund management/marketing team based in Edinburgh.

The main thrust of the role will be to client liaison work throughout the UK in relation to the £5000 million Managed Fund, reporting to existing clients and seeking to acquire new ones. There will be some scope to contribute to marketing strategy. Presentations to clients and intermediaries will concentrate on investment philosophy, fund activity and performance.

Candidates should be investment aware, preferably with experience in the investment industry and ideally with experience of the pension fund marketplace. Candidates should also have a high degree of presentation skills and have credibility to forge strong relationships and become the main interface with clients.

An attractive salary and benefits package, including relocation, will be on offer to the successful candidate.

Please write with CV to:

Willie Finlayson, Finlayson Wagner Black Ltd, 19 Alva Street, Edinburgh EH2 4PH. Fax: 031-539 7087.

FINLAYSON WAGNER BLACK

EXECUTIVE RECRUITMENT

National Bank of Bahrain



بنك البحرين الوطني

We are a highly profitable, strongly capitalised and well managed regional Middle East bank based in Bahrain. We have an excellent opportunity for a seasoned and accomplished investment banker to take full responsibility for leading and directing our Treasury and Investment Management Group. This position requires a mature, independent and resourceful type of individual with strong drive, managerial skills and technical knowledge who has both strategic vision and operational capabilities. An attractive expatriate financial package is offered for the right individual.

Head of Treasury and Investment Management Group

This is an Assistant General Manager position reporting to the Bank's Chief Operating Officer responsible for the strategy, management and operational performance of the Treasury and Investment Management Group.

Major responsibilities:

- Plan, implement and achieve the Group's financial and business objectives.
- Manage and grow the business areas within the Group namely Treasury, Capital Markets and Investment Advisory.
- Develop incremental range of products and services that enhance earnings stream and institute comprehensive marketing programmes that increase clients' funds under management.

Position requirements:

- Graduate with at least 10 years' successful track record of managing treasury, capital markets and funds management business in an international financial institution.
- Thorough knowledge of and experience in derivative products and markets.
- Confident, articulate communicator with excellent leadership skills.

If you feel the above position is the right opportunity for you, send your personal and career details including telephone number to: The General Manager and Chief Executive Officer, National Bank of Bahrain, P O Box 106, Manama, Bahrain. Fax No. (973) 213282.

1

Do you want to join the Number One investment performance measurement team?

If you have experience in performance measurement, read on...

CAPS provides the UK's largest investment performance measurement service for trustees and investment managers.

CAPS operates independently and offers clients a clear view of their fund's performance in a way which both experts and non-experts find easy to understand.

CAPS' philosophy is commitment, honesty and integrity with the emphasis on accuracy.

We are looking for people with performance measurement and/or investment experience to become part of our expanding team of professionals based in Leeds.

If you have worked in this market and can identify with our philosophy, we would like to receive your CV.

Please write, in the first instance, to:

Gracey Richardson, Bank Chambers 185 Wardour Street, London W1V 4BE



CROSBY SECURITIES

Crosby Securities is a leading stockbroker covering the Asian markets and servicing large institutions who invest in the region. Headquartered in Hong Kong and with another major operational centre in Singapore, the company also has research offices in China, Philippines, Thailand, Malaysia, Indonesia, Sri Lanka and Pakistan, as well as institutional sales offices in London, New York and Tokyo.

We are seeking to employ two experienced professionals for our London office.

Institutional Sales - Indian Sub Continent

The sales person will be responsible for providing specialist advice and research to our clients and will be expected to secure new clients. Candidates must have experience of the Indian sub-continent stockmarkets, preferably from direct exposure, an established client base and excellent communication skills.

International Sales/Trader - Pakistan, Bangladesh, Sri Lanka

The sales person/trader will be responsible for establishing relationships with clients and will have a proven track record, preferably over a number of years in Pakistan, Bangladesh and Sri Lanka markets. The successful applicant will be able to undertake detailed research and provide professional advice to our existing client base.

Please send full C.V./resume stating salary to:

Annie Armandes, Crosby Securities (UK) Limited, 3rd Floor, 95 Aldwych, London WC2B 4JF

CROSBY SECURITIES
A Leading Force in Asian Finance

Hong Kong, London, New York, Tokyo, Singapore, Bangkok, Kuala Lumpur, Beijing, Shanghai, Shenzhen, Jakarta, Bombay, Karachi, Colombo, Manila

ASS/DIRECTOR M & A

A graduate/ACA, aged 30-35 years, with extensive experience of company investigations, yellow/blue books, technical skills etc, coupled with at least 4-5 years sourcing/executing M & A transactions covering middle corporates in the UK/European arena. NEG £50-60,000 + Benefits

SWAPS ACCOUNTANT

International bank seeks a graduate or ACA with experience of middle office/risk management and accounting etc, to run this busy SWAPS/Options trading area.

TO £35,000

LEASING UNDERWRITERS/CREDIT ANALYST

Several vacancies exist for leasing specialists with credit/risk underwriting skills, covering transactions in the £50k - £1 Million + range. Vacancies cover junior, senior and manager levels, hence

NEG £22-£40,000

MANAGER BUSINESS DEVELOPMENT

UK CORPORATE LENDING

Our banking client seeks a high calibre graduate/ACIB banker aged 28-34 years, with proven credit training, coupled with five years top level marketing/negotiating skills covering all lending/treasury products etc. £35-£40,000 + Benefits

BANKING ANALYSTS (LENDING/STRUCTURED & CORPORATE FINANCE)

Vacancies exist for graduates aged 27-30 years, with specific risk/credit analysis experience, covering UK/international corporates. Products: all lending, structured finance, and in one instance some M & A Investigatory work. V. NEG £25-£40,000

Please forward detailed CVs to BRIAN GOOCH

OLD BROAD STREET BUREAU 65 London Wall, London EC2M 5TU
Search & Selection Consultants Tel: 071-588 3991 Fax: 071-588 9012

A CHALLENGING FUTURE WITH CEDEL

Due to the continued expansion of its business, Cedel is looking for

ADMINISTRATORS

Cedel is a leading clearing house for international securities, providing settlements and custody services for financial institutions throughout the world. Established in 1970, Cedel's Head Office and main operation centre is based in Luxembourg with regional offices in the key financial centres of the world.

As a result of the growth of our business, we are expanding our Luxembourg based operation and this is creating opportunities in our Equities Department. Based in Luxembourg, the successful candidates will be responsible for all areas of equity custody operation. Candidates should have worked in a Global Custody environment with experience of corporate actions and dividend payments. They should be multilingual, fluency in English being a prerequisite. They must be self motivated, team players with good organisational and analytical skills and able to cope with pressure. As part of a young and dynamic team, they will have the opportunity to become actively involved in varied operational work in an international, challenging and rewarding environment.

Cedel offers an attractive compensation package and exciting career opportunities. A hand-written application including full CV and a recent photograph should be sent to:

Cedel
Personnel/Human Resources Department
67 Bd Grande-Duchesse Charlotte
L-1331 Luxembourg



cedel

Our people make the difference

EXCELLENT OPPORTUNITIES IN GLOBAL CUSTODY

One of the leading providers of financial custody services to institutional investors, The Northern Trust Company administers some £317 billion in assets. Over recent years we have been consistently rated as one of the top global custodians.

Quality performance results from the responsive and client focused service provided by our high-profile Relationship Management team. To meet expanding business volumes we are now recruiting skilled financial professionals.

RELATIONSHIP MANAGER

Your role will involve the establishment and management of action plans to define client expectations and review productivity and relationship profitability. Your brief will be to maintain and improve upon a highly innovative and proactive service.

CLIENT ADMINISTRATOR

You will be responsible for day to day contacts with clients. Your brief will be to work closely with the Relationship Manager to maintain and improve the service to clients.

For both roles we require graduates with a wealth of securities or related financial sector experience. You should possess the drive, interpersonal flair and highly developed organisational skills to maximise our competitive advantage. Your rewards will reflect your ability and status.

Please write with CV to: Nuala Hadden, Human Resources Department, The Northern Trust Company, 155 Bishopsgate, London EC2M 3XS.



THE NORTHERN TRUST COMPANY

ALLIED DUNBAR

can offer outstanding careers to ambitious individuals interested in building a successful financial services business of their own. We'll help to fund your business, provide full training and national marketing support.

To find out more please write or telephone: Mike Crowe, Allied Dunbar Assurance, 29 Queen Anne's Gate, London SW1H 9BU. Tel 071 799 2252

BANK OF TOKYO

Düsseldorf • Frankfurt • Hamburg

BANK OF TOKYO, the largest and oldest Japanese Bank in Germany, is looking for an ambitious specialist as our new

Chief Bond Trader

to be responsible for the bank's Deutsche Mark trading-portfolio.

The candidate, likely to be a native German speaker, should be in his/her mid 30's, possessing a good record of discretionary trading in fixed-income bonds over the last 3 years or longer. Ideally the appointee will be adept in Bunds, other German domestic bonds as well as Eurobonds and prepared to contribute to the overall business results of the group of some 12 traders and bond sales people. International expertise, e.g. in London, is an advantage.

The successful candidate will be awarded with an attractive remuneration package which includes a performance-related bonus. Please send your resume and let's talk about details that will reflect the importance of the position within our organisation.

BANK OF TOKYO (DEUTSCHLAND) AG
Fred Kramer - Tel. (0) 69 / 2576250
Wiesenhüttenstraße 10, D-60022 Frankfurt/Main, Germany

ORACLE & SETTLEMENTS EXPERIENCE

Sequelagic are currently looking for permanent & contract analyst programmers, designers & team leaders to work on the development of a settlements system for their client - a City based bank.

Oracle 7 Forms 3.0-4.0 Unix (Pro*C)

Please call Joanne Lester, Sequelagic Ltd, Shand House, Shand Street, London SE1 2ES Tel: 071-403 4335 Fax: 071 403 5693

NEW HALL Head of House

New Hall intends to elect a new Head of House to succeed Dr. Valerie Pearl who retires on 30 September 1994. Applications and suggestions of suitable persons should be sent in confidence to the Vice-President, New Hall, Cambridge CB3 0DF before 1 September 1994.

INVESTMENT BANKING

Corporate Finance

c. £35,000-£45,000

Are you looking for challenging and imaginative work? M&A, takeover bids and defences, restructuring, equity and debt issues are all elements of the work undertaken by our clients.

These top tier UK houses are looking for recently qualified ACA's/Lawyers preferably with exposure to corporate finance, plus an excellent academic record to date.

Candidates must demonstrate initiative and commercial flair.

Project Finance

£40,000-£60,000 + bonus

This international merchant bank is a leading adviser to governments, project sponsors and coordinators in all fields of project finance.

Due to rapid growth it now seeks ambitious individuals to advise on the development and finance of major new commercial projects in a number of different locations.

Successful candidates should:

- Have experience in the origination and execution of a variety of transactions, including those relating to the energy/water and infrastructure sectors.
- Be dynamic self starters with strong business generation skills and a high degree of numeracy.

Superb rewards and high levels of responsibility are available for the right people.

Please contact Richard Pooley or Janina Harper
on 071-583 0073 (Day) or 071-583 0187
(Evenings and Weekends).

16-18 New Bridge Street, London EC4V 6AU. Fax: 071-353 3908.

BADENOCH & CLARK
recruitment specialists

CAPITAL MARKETS

Capital Markets/Credit Risk Analyst

£60,000 + bonus

An outstanding opportunity exists for an experienced credit risk analyst to join a newly created team within this American Investment Bank.

The role will involve counterparty risk assessment across a broad range of financial institutions and corporates, combined with the provision of speedy results orientated response to requests from the trading desks.

At least two years credit experience is required gained in either a rating agency or banking environment. A flexible and outgoing manner is of paramount importance.

Quantitative Analysts - Capital Markets

To £40,000

Are you a highly mathematical, computer loving financial modeller looking for a new challenge in the world of derivatives or structured finance?

We are handling a number of specific opportunities within the banking community which could give you the career break you are looking for.

For consideration you must have an impeccable academic record (PhD's and actuarial qualifications particularly welcome) together with experience in, or a passion for, the financial markets.

Rewards are superb.

Please contact Zoë Ide on 071-583 0073 (Day)
or 081-749 6450 (Evenings and Weekends).

CJA

RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 071-588 3588 or 071-588 3576
Fax No. 071-256 8501

Opportunity to manage institutional accounts, with significant promotion prospects

FUND MANAGER - U.K. EQUITIES

LONDON

£40,000 - £65,000 + BONUS

RAPIDLY EXPANDING FUND MANAGERS: SUBSIDIARY OF MAJOR INTERNATIONAL BANK
We invite applications from candidates with a minimum of 7 years' investment experience, ideally graduates with at least 3 years' experience as a UK equities analyst producing primary research, before progressing to fund management. The successful candidate will work closely with the Chief Investment Officer (non-smoker preferred) and must have well-developed stock selection skills and written and verbal presentation skills of the highest order because there will be immediate direct responsibility for a number of institutional accounts. Initial remuneration £40,000-£65,000 + bonus and full benefits package. Candidates wishing an initial discussion please telephone 071 638 0680, or write in confidence quoting reference FMUK4976FT to the Managing Director, CJA.

EXECUTIVE SEARCH CONSULTANTS

FRANCE

GERMANY

UK

Armstrong International is an Executive Search firm specialising in Investment Banking. We have an excellent client base and a reputation for high quality Executive Search amongst the European Investment Banking Community.

Over fifty per cent of our business is based on the Continent and our international outlook and understanding of the Financial Services industry has meant that we are expanding at a time when our competitors are contracting.

Our success is attributable to the ability and dedication of our consultants and we are now seeking three additional consultants to cover the above country areas. Applications are invited from individuals who can demonstrate the following qualifications:

- Education to degree standard from a well regarded university.
- Four years' experience in the Financial Services industry.

- Fluency in at least two European languages.
- Aged between 26 and 35.

In addition, prospective consultants should be team oriented, creative, highly motivated and must have an extremely high level of integrity.

Please call or write to Joan Coster in strictest confidence at Armstrong International Limited, 1 Angel Court, London EC2R 7EJ. Tel: 071-606 0002

ARMSTRONG INTERNATIONAL LIMITED



Senior Economist

c. £45,000 + Benefits

Central London

This client is a leading specialist investment manager with an excellent portfolio of well established blue-chip clients. While small, it is undergoing considerable change as the result of growth.

Reporting to the Chief Executive, the incumbent will focus on generating a macro economic view on the G7 countries. This view will primarily be from a monetary standpoint. It will be key to investment decisions and maximising performance. The role encompasses working closely with all client handling areas of the company, preparing weekly policy and annual fund reports, developing the research function and presenting views externally and internally. There is the opportunity for broader involvement and some overseas travel will be required.

Candidates will be economics graduates in their 30s. With a team oriented, pragmatic approach, they must have an in-depth and balanced appreciation of bond

markets throughout the world. We expect a five to ten year record of success advising on investment decisions in a multi currency environment, ideally with a top investment manager, stock broker or treasury function in industry. Strong interpersonal and analytical skills will be combined with the ability to concisely present views, particularly to the media and through seminars. A monetarist approach and a well-developed sense of responsibility coupled with the proven ability to provide clear-cut advice is essential.

There is a bonus and first class benefits but the package does not include a car.

If you have the requisite experience, drive and ability, please reply in confidence by quoting Ref. b16 and sending your Resume to Michael Fahey at Thornton Fahey, 1 Manson Place, London SW7 5LT. Tel. 071 584 6028. Fax. 071 823 7688.

THORNTON FAHEY

SEARCH AND SELECTION

Godsell, Astley & Pearce
[Derivative Products] Limited

Bond Options Broker

City

Godsell, Astley & Pearce (Derivative Products) Ltd, a division of Exco plc, seeks to recruit a senior member of staff to develop its Bond Options desk in its London office.

Suitable candidates must possess:

- a degree level education and a minimum of 5 years experience of bond broking
- a proven track record in the bond market
- the ability to bring with them an established client base and the capability to develop a market strategy for this sector.

A comprehensive remuneration package will be offered for this high-profile position.

Please send a full typed CV and covering letter to: Ref. CMB, Senior Personnel Officer, Exco International plc, Sherborne House, 119 Cannon Street, London EC4N 5AX.

NO AGENCIES

EXCO

THEESIS
PRIVATE CLIENT FUND MANAGER
CHICHESTER £ neg

An exceptional opportunity has arisen for a Private Client Fund Manager to join THEESIS, the financial services arm (with over £100,000,000 under management) of leading South East law firm, THOMAS EGGAR VERRALL BOWLES

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Gordon Brown

Irish institute plays the game at both ends

Andrew Jack on the lessons to be learned from a professional body spanning either side of the border

Among the handful of issues on which those on both sides of the Irish border see eye-to-eye is a holy trinity of rugby, the Catholic church and - most surprisingly - accountancy.

Like the sport and the religious hierarchy, the profession pre-dates partition in 1922. With barriers since going up to divide north from south on so many topics, there is a strong case for those from outside the region to pay a little more attention to its experiences.

The Institute of Chartered Accountants in Ireland, the largest body in the region, bears the highly unusual responsibility of representing the profession in two countries. It is an arrangement that requires regular commuting, with offices in both Dublin and Belfast and the council rotating its meetings between the two cities.

Ask Mr Joe Gannon, a partner in Gilroy Gannon, a practice based in Sligo and the newly appointed president of the institute, what distinguishes it from its rivals in the UK, and he pauses briefly for thought. Then a proud list begins of differences and precedents that have since trickled across the Irish sea.

Take training in industry, a programme designed to allow chartered accountants to train outside public practice. Begun in 1983, the scheme currently operates for more than 60 students in an equivalent number of companies and government bodies. The idea has since been copied much more recently by the UK's chartered accountancy institutes, where it still remains proportionately far smaller.

Take, as a more recent example, finances, given that the institute managed to generate a surplus in its latest accounts to December 1993, compared with deficits at some of its leading competitor bodies.

However, one of the most important and often over-looked contributions of the institute was a small green document published in January 1992, 11 months before the Cadbury report on the financial aspects of corporate governance captured the headlines when it was launched in London.

The report by the commission of inquiry into the expectations of users of published financial statements - commonly known as the Ryan commission after its chairman - deserves a wider readership. Its remit was far wider than Cadbury, its recommendations more radical and its work more prompt in response to criticisms of the quality of published financial information.

The commission suggested that accounts should contain a statement of auditors' and directors' responsibilities (something since introduced in the UK by the Auditing Practices Board) which would include commentary on the state of internal financial controls (a topic still under debate following similar recommendations in Cadbury).

It called for the creation wherever possible of audit committees - ideally composed solely of non-executive directors - charged with overseeing financial reporting and internal controls, and (going further than Cadbury) ensuring the external auditors act independently of management. The report called for full disclosure

of directors' remuneration in the annual report, and for a detailed commentary in the chief executive's review of trends, uncertainties and plans (now endorsed in the operating and financial review guidelines issued last year by the Accounting Standards Board).

One area in which it borrowed from the UK was the suggestion that Ireland should set up its own Financial Reporting Review Panel, in line with the equivalent watchdog of the accounts of public limited companies in the UK. This is still being pursued by a committee of the Irish government created to examine revisions to company law.

A disappointment of the institute is the slow or neglected implementation of the Ryan Commission. The report recommended that the review panel publish a report on cases of companies whose accounting it investigated (rather than the brief public statement on companies found guilty as in the UK).

It called for the auditors to comment explicitly on the company's solvency at the balance sheet date, and for publication of their report to the audit committee if the company collapsed within 12 months after the date of an unqualified audit report.

It also wanted preliminary and interim statements to be audited (a proposal being examined in the UK), and a reduction of the maximum gross fees payable to a firm from 15 per cent to 5 per cent of total income. None of these radical

ideas has since been introduced. Perhaps an even more significant Irish invention now finding resonance in the UK has been "practice review".

While the UK bodies began to respond to the need for audit regulation following the 1989 Companies Act, the Irish opted to begin a voluntary system of visiting all 1,200 accountancy practitioners every five years back in 1987.

It drew on the experiences of the Ontario Institute's approach in Canada. Since then it used this approach, which has since also been more reflected by the Chartered Association of Certified Accountants than the Joint Monitoring Unit, which covers the chartered bodies.

"Inspection is a bad word," says Mr Eugene MacMahon, head of the unit of three staff. "We consider ourselves educational and supportive. Members voted us in. This wasn't supposed to be a crusade to nail people to the cross, but a road to Damascus."

Although the figures have not been made public, it is believed that something like one-third of practitioners initially required a follow-up visit after staff identified flaws in their auditing that needed improvement - most typically a failure to document partners' decisions.

However, only six practitioners have been disciplined, and those firms requiring follow-up visits during the second round of inspections - now under way for two years - have roughly halved.

It is a softly-softly approach that has been since endorsed in a recent report on UK audit regulation

commissioned by the Department of Trade and Industry, and one which the Irish government has decided is well-suited to EU requirements for monitoring of the profession.

Looking forward, one of the top issues on Mr Gannon's agenda during the coming year in office is the consolidation of the profession, the most recent manifestation of which is the report of the working party chaired by Mr David Bishop of KPMG Peat Marwick, which earlier this year recommended an amalgamation of the six leading bodies.

"There is a perception that it is an English battle fought on Irish soil," says Mr Roger Hussey, the chief executive of the institute. "The last example of that was the battle of the Boyne and we don't want a repeat of that."

In Ireland, by contrast, Mr Gannon says the debate is less heated and there is a mood in favour of consolidation. "Bishop has given us the opportunity to talk in a calm atmosphere," he says.

This harmony comes in spite of the fact that the challenge should be greater, given not only the cross-border issues but also the presence of an additional professional body. All are co-ordinated by an Irish equivalent of the UK's consultative committee of accountancy bodies (which Mr Hussey was restrained from dubbing "mini-CCAB").

Overall, it is too bad that there are not more examples in the broader political sphere of the innovative thought and co-operation between the UK and Ireland as accountancy seems to have fostered.

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This is an unusual opportunity to make a significant contribution within an independent £multi-million turnover company with some 150 employees. Our clients are de-merging from a major plc by way of a 'buy-in'. The business is well-established with a respected range of branded consumer products. The new management plans to exploit the company's potential by widening the product range and the customer base. The strategy is thus one of growth and improved customer service.

The new Finance Director sees the appointment of a Financial Controller as central to the sharper commercial focus required of the finance department. The Financial Controller will work initially with the Finance Director in improving all aspects of the company's systems and in training junior management/staff to meet a higher level of operational standards. Thereafter the range of

responsibilities is expected to be developed, with an increasing emphasis on the operational aspects of the company's expansion.

Applicants must be qualified accountants, probably aged late 20s / early 30s, with a background in financial control within a customer-driven business (preferably fast moving consumer products), a well developed understanding of information technology and good inter-personal skills. The package will reflect the seniority of the appointment by way of a performance-related bonus and the opportunity for capital gain in the longer term.

Please write with full CV, including salary history and daytime telephone number quoting reference 1746/FT, to Dick Phillips ACIS, Phillips & Carpenter, 2 - 5 Old Bond Street, London W1X 3TB. Tel: 071 - 493 0156 (24 hours).

Phillips & Carpenter

Coopers
& Lybrand

Executive
Resourcing

Financial Controller

For a very substantial estate which incorporates a considerable range of business activities including farming, properties and woodlands, and a diverse portfolio of investments and other interests. This is a unique opportunity for an experienced financial manager to play an influential role within an ever-evolving organisation actively pursuing considerable development and change.

Reporting to the Chairman, you will, in managing a small team, assume total responsibility for the finance and accounting functions. Active in instigating improved levels of financial awareness, control and discipline across the operations, you will also be required to provide an informed financial perspective on a broad range of business issues. Initial objectives will include the further development of management information systems and the advancement of management reporting essential to secure the key information to control and plan the commercial success of the businesses.

A graduate, qualified accountant. Ideally in your 40s, you should be able to demonstrate the relevant level of technical skills, commercial maturity and vision to support the profitable growth of business activities and the control of family interests. You must be capable of managing and developing the finance/accounting function in an effective and economic manner, and be able to apply creative and practical solutions to ongoing and developing issues. A "hands on" and enthusiastic individual, you must have the appropriate skills and personality necessary to succeed in this entrepreneurial environment.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, 9 Greyfriars Road, Reading RG1 1JG, quoting reference AE894 on both envelope and letter.

DIVISIONAL FINANCIAL DIRECTOR

UK BASED

**C.£65,000 + CAR + BONUS
+ SHARE OPTIONS****THE COMPANY**

- Top 100 UK Plc
- Divisional profits in excess of £100m.
- Committed to future growth.

THE ROLE

- Key member of the Management Team, ensuring continuing improvement in profitability and tight control of capital expenditure and of working capital.
- Ensure strong financial management input to business decision making.
- Responsible for the financial and management accounting function plus continuing development of management information systems.

THE PERSON

- Qualified accountant, age indicator 35-45 with experience of sophisticated reporting systems gained within manufacturing or service industries.
- Proven hands on style, team manager and team player.
- Excellent career prospects within financial and general management functions.

Please write enclosing full curriculum vitae quoting ref: 138 to:
Nigel Hopkins FCA, London House, 53-54 Haymarket, London SW1Y 4RP
Tel: 071 839 4572 Fax: 071 925 2336

NIGEL HOPKINS
FINANCIAL & TREASURY SELECTION

**FT/LES
ECHOS**

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Philip Wrigley on 071 873 3351

Director of Finance

Service Sector

Inverness

c.£37,000 + Car & Benefits

Leading service sector employer providing high quality services in partnership with various organisations throughout the Highlands. Crucial finance role amidst culture of change and re-appraisal. Local area and amenities offer excellent quality of life, incorporating first class housing and education.

THE POSITION

- Develop and lead strategic vision and direction of department. Report to Chief Executive.
- Control and motivate team to achieve financial activity and targets in line with overall business plans.
- Provide divisions with quality financial services and advice whilst affording a high degree of autonomy.
- Play critical role in corporate decision making. Contribute to overall success of the organisation.

QUALIFICATIONS

- Qualified accountant with several years' experience as director or ambitious number two.
- Exposure to negotiating with professional groups, preferably in holding/subsidiary company environment.
- Strong financial management information systems experience, combined with strategic/policy input.
- Innovative, influential and first class communicator.

Please send full cv, stating salary, ref GN2393, to NBS, 78 St Vincent Street, Glasgow G2 5UB

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a NBS Resources plc company

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**GROUP
TREASURER****£60k+****+ BONUS****+ EXECUTIVE
BENEFITS**

LONDON

Our client is a publicly-quoted major international engineering group operating in 40 countries and with a turnover approaching £1bn. Internal promotion has created the need for a highly professional treasurer to join the corporate finance team. This will be a demanding and rewarding role for the right candidate.

Reporting to the Group Finance Director and directly in charge of a team of five, the executive will be responsible for all aspects of the group's global treasury management, with particular emphasis on funding strategy and implementation, bank relationships, hedging policy, interest rate and foreign exchange management and trade finance. A particular feature of the role is the opportunity to work with line management in finding creative solutions to commercial problems.

In addition, the person will be a member of the group's finance committee, will act as a director of a number of corporate companies and will act upon matters related to acquisitions and disposals.

It is desirable but not essential that the successful candidate will be aged early to mid 30's. He/she must be numerate, articulate and possess an accountancy, business and/or MCT qualification. Applicants should have a track record of achievement in an international treasury department and should have had exposure to decision-making at senior management level.

Essential characteristics for this role include maturity, credibility and intellect. Technical ability should be combined with commercial awareness. The appointee will be able to communicate solutions effectively to all levels of management.

Please write, enclosing full Curriculum Vitae to:
Ian Magnus
(Executive Selection Division)

**RICHARD JAMES
ASSOCIATES**

PREMIER HOUSE, 10 GREYCOAT PLACE, LONDON SW1P 1SR.
TELEPHONE: 071 222 8886, 071 222 8037/8. FAX: 071 233 1759.

**CHIEF ACCOUNTANT -
PRESTIGIOUS UK MERCHANT BANK**

CITY

£45-50,000 + BENEFITS

Our client is a quoted independent merchant banking group whose diverse interests cover a broad range of financial services products.

Its significant progress and profitability is largely attributed to the outstanding service it provides to its clients, combined with a high calibre team of professionals working within the organisation.

Whilst continually seeking to expand their core business, they are also intent on making key strategic investments. A number of successful new ventures have recently been set up covering the areas of developments capital, structured finance and investment funds. These run along side a substantial property investment portfolio.

For a detailed and confidential discussion, please call JONATHAN ROBIN on 071 336 7711 (evenings/weekends 071 372 8952) or alternatively forward your CV to the address below.

GMS

GOODMAN MASSON SHAW
Financial Search & Selection

2 Bath Street, London EC1V 9DX. Telephone: 071-336 7711 Fax: 071-336 7722

In line with this exciting phase of growth, a new position has been created which assumes full responsibility for the running of the finance function.

Reporting to the Finance Director, you will manage a small team of professionals working to tight deadlines and covering all areas of financial and regulatory reporting. You will also be involved in tax and systems development issues.

Applicants should be experienced and fully qualified Accountants, probably aged over 45. You should possess first class communication and managerial skills, and ideally have gained experience in a Banking institution.

New Appointment
Kent

To £40,000, car,
benefits

Our Client is the successful regional operation of a major, well-financed national contracting organisation. A leader in its field and part of an international Plc, it provides a substantial design through to construction service for large industrial and commercial projects in both the public and private sectors.

In this newly-created role, reporting to the Regional Director and managing a small team located in the regional HQ and in outlying branches, you can expect the widest participation in both day-to-day management and the strategic future direction of the business. Responsible for financial control, reporting, accounting and MIS activity, you will also be an active centre of advice to senior colleagues on financial matters from contract tender to completion.

A confident qualified Accountant with strongly developed commercial judgement and interpersonal skills, you are most likely to have gained your experience in contracting, with a sound appreciation of the financial

implications of contractual risk. More important, you will have a pragmatic, forward-looking, 'shirt-sleeves' approach to working with colleagues, reviewing controls, solving and indeed, anticipating problems. A planned national update of MIS systems will also demand a good level of user computer literacy and systems implementation skills. Prior management experience in a line role is essential. Age indicator 30-50.

Participation in a management incentive scheme (linked directly to regional profitability) will augment the quoted salary and benefits package. In the first instance, you are asked to write to Paul Lichtin, Selection Adviser to the Organisation, quoting reference number 9429. Your response will be treated in complete confidence.

Lichtin Associates Ltd.
Coltrey House
6, Evelyn Road
Worthing, Sussex BN14 8AY

**LICHTIN
Associates**

FINANCIAL ANALYST

Leading U.K. Blue Chip

CENTRAL
LONDON**to £35,000****+ Car****+ Benefits**

An outstanding opportunity has arisen for an ambitious and highly commercial finance professional to join one of Britain's leading companies. With an annual turnover in excess of £10 billion and operations throughout the world, the company is well placed to meet the global challenges of the future.

Working as part of a small, highly visible team, and liaising closely with senior management, your brief will be to provide detailed analytical support to enable the Board of Directors to make informed decisions on projects of major strategic importance. You will liaise with external advisors and much of your work will be project based.

The successful candidate will therefore require the following key attributes:

- Qualified graduate ACA/CIMA/CACA with first time passes and 1-4 years P.O.E.
- Exposure to special work or other non-audit assignments.
- Intellectually robust with the ability to understand key economic issues.
- Experience of writing detailed financial models.
- Commercial outlook combined with outstanding inter-personal skills.

We are interested in talking to candidates who can display records of consistently high achievement and who are comfortable working alongside senior decision makers. Energy, creativity and flexibility are all qualities which will enable you to take advantage of career opportunities within the company either in the U.K. or overseas.

Interested applicants should write in confidence to **Andrew Livesey**, quoting reference number **2022** at Nicholson International, (Search and Selection Consultants) Bracton House, 34-36 High Holborn, London, WC1V 6AS. Alternatively fax your details on **071 404 8128** or telephone **071 404 5501** for an initial discussion. Our client is an equal opportunities employer.

France Italy Holland Spain Germany Belgium Turkey Poland Czech Republic Hungary Romania Russia



**NICHOLSON
INTERNATIONAL**

FINANCE DIRECTOR

Humberside

Shipping Services

We are a division of a UK Plc engaged in stevedoring, warehousing and distribution.

Reporting to the Divisional Chief Executive you will be an important member of the management team. Your responsibilities will cover all aspects of financial management but with particular emphasis on strategic planning, the development of computerised information systems and the maintenance of strict financial disciplines and controls.

Candidates should be qualified accountants aged 30-40 with strong commercial and interpersonal skills and experience in freight forwarding/distribution.

We offer a competitive salary, car and other normal company benefits.

Interested candidates should forward a full CV to:

Mr Colin Copland, Financial Director,
The Global Group Plc, Cranbrook House,
Redlands, Coulsdon, Surrey CR55 2FY

To £70,000 package
plus benefits

Telecomms Multinational

South East

Finance Director

Rapid growth and increased business complexity necessitates the appointment of a commercially-focused Finance Director within the £200 million turnover core division of this major international business. New position tasked with implementing and developing state-of-the-art management information systems to support strategic new business initiatives and product development. Significant opportunity to develop broad management skills in a successful, dynamic business and play a central role in a major change management programme.

THE ROLE

- Reporting to the Managing Director, providing a full budgetary, financial management and analysis service for the division. Managing circa 20 finance staff.
- Completing a major systems upgrade, in conjunction with the Group Finance Director, improving project variance analysis and providing information to assist Management in applying tight control and disciplines to achieve profitable growth.
- Providing both effective monitoring of substantial R&D spend and expertise in pricing and contract negotiations for new business and product development.

THE QUALIFICATIONS

- Graduate, qualified accountant from a progressive international business, ideally IT or telecomms, with a strong customer and quality focus. Aged 32 plus.
- Strong budgeting, management and project accounting skills honed in a globally-competitive business. Highly systems literate with experience of implementing sophisticated management information systems.
- Manager of change with first-class interpersonal skills. Well versed in sophisticated reporting processes with exposure to international business cultures and matrix organisations.

Leeds 0532 507774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. F61370644,
16 Cornhill Place,
London WC2R 2DQ

c. £80,000
+ bonus + benefitsTop International
Advertising Agency

London

Commercial Director - London

This new position will have a key influence on the management board of a top performing office of one of the world's most prestigious advertising agencies. London is the principal production centre for a network of over 30 offices throughout Europe, is highly profitable and benefits from advanced management and control structures. Strong focus on maximising opportunities both in the marketplace and within the network. Outstanding career prospects.

THE ROLE

- Responsible to the CEO London for the strategic and operational commercial development of the office. Managing the finance, HR and legal functions with a team of c. 20.
- Spearheading the analysis and development of opportunities and structures to give the office sustainable competitive advantage. Advising the CEO on a broad range of business issues.
- Lead role in the development and negotiation of commercial agreements. Guiding and supervising the total financial management of the business.

THE QUALIFICATIONS

- Top flight graduate ACA, early to mid 30s, with 'big six' training and an excellent record in a blue-chip, rigorously controlled, progressive service business. MBA useful.
- Well-developed analytical skills and strong commercial orientation. Demonstrable success in financial and management accounting roles. International experience highly desirable.
- Determined and robust professional who will thrive in a fast-paced, collegiate environment. Excellent relationship building skills with the stature to operate at the top level.

Leeds 0532 507774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. F61370644,
16 Cornhill Place,
London WC2R 2DQ

Director of Finance & Administration

Thames Valley

c£45,000 + profit share + equity stake

Our client's business is a profitable, cash generative, medium sized MBO from a major PLC. It has retained a competitive edge supplying services and products to the construction industry during the recession. Commanding more than 10% of a fragmented market, the management team is poised to drive forward significant growth from a very broad range and volume of active clients.

An aggressive, focused business plan, forged by the Board, with active involvement from its high profile NEDs anticipates the company doubling turnover and improving PBT by a robust multiple within three years.

This new role is central to the management of the business, working closely with, and taking additional responsibilities from, both the Chief Executive and Marketing Director to deliver outstanding results to a limited number of shareholders in the medium term. Capital growth

and a long term career are potential rewards.

The successful candidate needs to be a creative, investigative, team player who has a track record of turning problems into opportunities. A cerebral, but proactive approach to multisite business issues is essential - alongside a chartered accountancy qualification.

Shortlisted candidates will have first class skills in extracting and explaining reliable, useful management information quickly with the "spark" and flair of an empowered business professional.

Kidsons Impex
Search & Selection Limited
29 Pall Mall, London SW1Y 5LP
Telephone: 071-321 0836
Fax: 071-976 1116

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29 Pall Mall, London SW1Y 5LP

Please send in confidence a comprehensive CV, indicating how you meet these requirements, including details of current total compensation and daytime telephone number, quoting reference no. 785 to Peter Willingham.

Substantial salary plus
full expatriate package

KAFCO

Dhaka, Bangladesh

Director of Finance and Administration

The Karapoll Fertiliser Company Limited (KAFCO) is one of the world's largest construction projects and, at \$510m, is the largest ever foreign investment in the country. In addition to the Bangladesh Government, the project has attracted blue-chip multinationals including Marubeni, Chiyoda, Haldor Topsoe and Stamicarbon and premier Government agencies including OECF, IFDC and CDC. The Board now seeks to appoint a seasoned finance professional to a new role to manage the substantial finance and administration functions and provide commercial input to the Managing Director on a range of business issues. An outstanding opportunity within a truly unique operation of critical importance to the development of the region which offers a three year renewable contract and a first-class expatriate package (including housing allowance, leave passages and schooling).

THE ROLE

- Reporting to the MD with full responsibility for finance, personnel, purchasing and administration, advising on operational and strategic issues supported by a substantial, established team.
- Driving the budgetary and planning process and providing prompt and accurate management information to a complex and sophisticated investor group.
- Supporting the MD in contract negotiations. Responsible for administering the Company's various loans, including reviewing hedging and refinancing opportunities.

THE QUALIFICATIONS

- Graduate calibre, computer literate accountant with broad financial management experience in the petrochemical or other major process industries. Prior developing country experience advantageous.
- Tenacious and robust analyst. Flexible and resourceful in approach with stature to establish credibility in a demanding role.
- Strong commercial acumen, proven managerial capability and effective in international environment. Strong leadership and interpersonal skills.

Leeds 0532 507774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. F61370644,
16 Cornhill Place,
London WC2R 2DQ



FINANCIAL DIRECTOR

- challenging and
commercial appointment
Edinburgh

Miller Homes is a progressive and expanding UK housebuilder with an enviable reputation in the private development and social housing sectors. It is a successful division of the £350m Miller Group and has operations concentrated in Central Scotland and the Southern Home Counties.

Internal promotion has resulted in an opportunity for a talented and ambitious Finance Director. As a key figure on the Divisional Board, full responsibility will be assumed for the financial management of three major business units, turning over £85m and currently building around 900 homes per annum. Over and above the numbers however, the successful candidate must bring commercial insight into a wide range of operational and business issues and be an instrumental part of the team determining direction and shaping the future of the company.

Candidates will be professionally qualified and will have a track record already demonstrating energy, tenacity and vision. The personal credibility and ability to persuade, influence and direct at senior management level are pre-requisites.

An attractive salary, benefits and incentives package will be offered to ensure the successful candidate is well-rewarded for their achievements.

Please write with CV to:
Willie Finlayson, Finlayson Wagner Black Ltd,
19 Alva Street, Edinburgh EH2 4PH. Tel: 031-539 7067.

**FINLAYSON
WAGNER BLACK**

EXECUTIVE RECRUITMENT

B B C

BBC INTERNATIONAL TELEVISION is a new company created to develop vigorously the BBC's international television interests through the licensing of programmes, co-production financing and the creation and development of channels. This will encompass the continued expansion of World Service Television and the launch of other BBC branded channels.

A Global Strategic Alliance with Pearson plc was recently announced to develop satellite delivered channels worldwide in conjunction with regional partners.

Finance Director

We are looking for a new Board Director to assume full responsibility for the financial management of BBC International Television. Your duties will encompass management and statutory reporting, the development of management information systems and the maintenance of strict financial disciplines and controls within the company. You will report to the Managing Director.

You will need to be a fully professional accountant with substantial experience of financial management and a high degree of computer literacy. Strong commercial leadership and interpersonal skills are required. As a member of the Board you will be part of an international sales, marketing and broadcasting team dedicated to the rapid development of this high profile commercial arm of the BBC. You will play a key role in the setting and implementation of our programme investment strategy and in the annual budget planning process.

The Company has the clear strategic aim of seeding out and developing new channel opportunities. You will be involved in the negotiations for these joint ventures and you will be required to work closely with our commercial partners around the world.

Experience in television or the media while desirable is not essential. A performance bonus is part of the package. Salary will be competitive and will reflect previous experience. A performance bonus is part of the package.

If you require any further details please call 081-676 3266, Based West London.

Please address your letter of application with an up-to-date CV (quote ref. 1552/F) in confidence to:
Jackie Alexander, Director of Personnel & Administration, BBC International Television,
Room E157, 60 Wood Lane, London W12 0TT by June 17th.
Interviews are likely to be in the first 2 weeks of July.

WORKING FOR EQUALITY OF OPPORTUNITY

c. £40,000
+ FX Car
+ BonusHi-Tech
MultinationalHome
Countries

MWA
MARTIN WARD
ANDERSON
FINANCIAL RECRUITMENT CONSULTANTS

FINANCIAL CONTROLLER

Our Client is a diverse world leading hi-tech international company. Principal manufacturing and R&D operations are UK based, and over 75% of sales are export.

Rapid technological change and innovation is creating many new expansion opportunities within the industry. Planning and managing the 'product life cycle process' is particularly critical. Success in bringing new products to the market on time is therefore essential to ensure continued business growth.

These challenges have now created a need to recruit a senior finance professional to support the Technical management team. Reporting at Director level, responsibilities are to:

- ▲ enhance strategic and operational business planning
- ▲ evaluate product and technology investment decisions
- ▲ improve project planning, costing and budgetary control
- ▲ develop and improve key business performance indicators
- ▲ design and implement systems improvements
- ▲ provide commercial advice and support for senior Technical management.

A qualified graduate accountant is required, probably aged in their early thirties. Exposure to project accounting is essential, preferably gained within a hi-tech or precision equipment manufacturing industry. Personal attributes should include strong intellectual ability, high energy level, good communication skills, leadership qualities and a creative approach to problem solving.

Candidates should write to Tony Martin (enclosing a Curriculum Vitae and details of current salary) at: Martin Ward Anderson, Goswell House, 134 Peasod Street, Windsor, Berkshire SL4 1DS. Please quote job reference number 9694.

The Corporate and Institutional Banking

Division is the wholesale banking arm of The Royal Bank of Scotland and consists of seven business units including Treasury and Capital Markets, Corporate Banking, Lending and Securities Services. Since its inception three years ago it has exceeded its profitability objectives and continues to improve its service and product range to the Bank's large Corporate customer base.

As part of its continuing development the Division has decided to appoint a financial controller to enhance the finance function. The financial controller will need to apply risk adjusted principles in the financial management of the business at business unit, product and customer level. This development will take place at a time when many of the Division's information systems are being renewed. The financial controller will be required to ensure that specifications reflect the desired approach for the longer term, as well as working with cruder data in the interim until more sophisticated systems are available.

The position will also assume the responsibilities of the existing management accountant who has been promoted elsewhere within the Division. The responsibilities will include:

- implementation of controls to ensure the management information produced has integrity
- management of the business planning and budgetary process for the Division

FINANCIAL CONTROLLER

CORPORATE & INSTITUTIONAL
BANKING DIVISIONc. £45k + CAR & BANKING BENEFITS
- LONDON

- review, interpretation and presentation of the Division's plans, budgets and management accounts
- acting as the central point of contact on all financial matters for Divisional management, business unit management and financial controllers and Group Finance.

The position, which will report to the Divisional Director, Finance and Administration, will operate as part of a small divisional head office team and sits at the centre of a network of business unit financial controllers and Group

Finance. There will be frequent contact with senior Group, Divisional and business unit management.

The successful candidate will be a qualified accountant (ACA or CIMA) and will have had at least 3 years' post-qualification experience of working in the finance function of a wholesale banking organisation, or as a consultant or auditor with direct experience of working on assignments in the wholesale banking market. In either case, experience in the application of risk adjusted principles in the financial management of the business is important. You will also have to demonstrate an ability to make things happen, combined with first class interpersonal, communication and presentation skills.

To apply, please forward your CV to Jenny Ewington, Personnel Manager, The Royal Bank of Scotland plc, Regent's House, PO Box 348, 42 Islington High Street, London N1 8XL. Closing date for applications is 23 June 1994.

Committed to Equal Opportunities

The Royal Bank of Scotland
WHERE PEOPLE MATTER

Group Chief Accountant

Northants

Scott Bader Company Limited was established in London in 1923, before moving its manufacturing facilities to Northamptonshire, the present site and corporate headquarters. A £67m turnover group, principal activities are the development, manufacture, distribution and sale of Polymers and Synthetic Resins for application in diverse markets, with priority now given to innovative markets where the company's strength in polymer technology can be exploited.

Acquisitive and forward thinking, Scott Bader has and will continue to grow, with manufacturing facilities in the UK, France, Dubai and South Africa with extensive licensee and distribution interests worldwide. Operating largely in niche and specialist markets, Scott Bader Group is committed to excellence not only in its products, but also to its employees, offering them full and extensive participation and consultation as well as a rewarding and a particularly pleasant working environment. Accordingly, concern



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Package to £37,000 + PRP + Relocation

for the environment is a high priority, and has earned them much recognition in this area.

The imminent retirement of the present Group Chief Accountant now requires the recruitment of a similarly high calibre replacement. Candidates will ideally be aged mid to late thirties with experience of group roles. Technically accomplished and highly systems literate you must display both a hands-on approach as well as the maturity and interpersonal skills to relate at all levels. A team builder, you will have an enquiring mind and the ability to support the Head of Finance in the corporate finance arena, as well as assisting in treasury and taxation duties.

If you feel you have the necessary attributes to be an effective part of this success story, please forward a comprehensive curriculum vitae to Chris Tovey at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham. B4 6QD.

FINANCE DIRECTOR

SPANISH SPEAKING

LONDON £38 - £48,000 + CAR + BENEFITS

EXPANDING FRESH FRUIT IMPORTERS, PACKAGING AND TRANSPORTATION GROUP SUPPLIERS TO LEADING RETAIL CHAINS T/O IN EXCESS £40M

Due to continued European expansion, A G Thames requires applications from qualified accountants, preferably ACA's, aged 20's to early 40's. Candidates should ideally speak Spanish and have a minimum of four years sound financial accounting experience in fast moving manufacturing or distribution environment.

The successful candidate will have experience in installing financial control and reporting systems. Experience of having worked in Europe is important. The selected candidate will report to and work closely with the Group Managing Director and will play a key role in formulating and achieving Group objectives. Frequent visits to the Group's Spanish operations will be required and will include implementing effective reporting systems and assisting local management with budgeting, control systems and general financial management.

The successful applicant will work with the Managing Director as member of an entrepreneurial team and will be responsible for the preparation of consolidated Group management accounts, as well as dealing with budgets, forecasts and capital expenditure projects. A strong and assertive personality is essential. Applications should be written in strict confidence to the Managing Director, Thames House, Warspite Road, Woolwich, London SE18 8NU.



StorageTek Financial Controller

Surrey

c £40,000 + Car + Benefits

StorageTek UK is a £70m turnover subsidiary of the US based Storage Technology Corporation, the undisputed market leader in the storage and retrieval of electronic information, with revenues of more than \$1.4 billion worldwide.

As a result of acquisition and the imminent launch of industry best products, StorageTek is on course for doubling in size within the next 2-3 years.

Internal promotion has created the opportunity for a key individual to join a highly motivated finance team committed to delivering outstanding results against a background of dynamic corporate growth.

Reporting to the UK Finance Director, responsibilities will include all financial and management reporting both to UK and US senior management, comprehensive forecasting and analysis requiring proactive interface with business managers to influence as well as report on bottom line performance. As a Corporation committed to TQM, this role will involve active participation in multi-disciplinary teams focussed on improving company performance. In addition, the role will involve direct contact with external customers.

Applicants should be qualified, probably aged mid 30s, and ideally come from an IT background and/or a US results-driven culture. The ability to demonstrate an unequivocal track record of achievement to date is essential. In addition, they seek a team leader with drive, commitment and first-class interpersonal and communication skills gained within a quality environment.

Key to success in the role will be the ability to motivate, train and continue to develop a high calibre finance team, some 20 strong, to meet the tremendous challenges ahead.

On offer is an opportunity to join a highly successful company looking to develop an outstanding talent into Directorship material within the near future.

Salary will not be an obstacle for the highest quality individuals.

Interested applicants should forward a comprehensive curriculum vitae to Liam Dowds at Cygnus House, 45-47 High Street, Leatherhead, Surrey KT22 8AG, quoting ref. J191293.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Group Financial Controller

Basingstoke, Hants

c £33,000 + Car + Benefits

Our client, a private company with worldwide turnover of over £200 million, is now the UK's largest independent publisher. Operating in over twenty countries through subsidiaries and associated companies, it encompasses a wide range of book and magazine titles. A dynamic business, the company operates from a position of considerable financial and marketing strength.

An opportunity has arisen for a Group Financial Controller to join the management team, based in their Head Office function. Reporting to the Director of Group Accounting key areas of responsibility include:

- Monthly, quarterly and annual multi-currency consolidations for the UK companies and the worldwide Group.
- Group cash management and forecasting.
- Group business planning.
- Tax compliance and long-term planning.

• Multi-currency treasury functions for Group companies. The successful candidate, probably aged between 38-35, will be a qualified accountant of high calibre with sound technical accounting experience, well developed business sense and excellent spreadsheet skills. Previous group consolidation and corporate tax experience is essential. Previous exposure to a publishing environment would be an advantage but is not a requirement.

Successful applicants must demonstrate an enthusiastic and outgoing personality, coupled with an ability to assess materiality but also to master the underlying detail when required.

Candidates interested in this challenging opportunity should apply immediately by sending a full curriculum vitae to Angela Webb at Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berkshire SL4 6BW. Telephone: 0753 856151.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

International Electronics Group Taxation Manager

Hertfordshire

£ Excellent

Our client is a leading international electronics group which is a market leader in its specialised business.

The growth of the group, particularly across Europe, and the increasing demands of the business has created the need for a dedicated Tax Manager. This new role is an excellent career opportunity for a young qualified accountant to cut his/her teeth in commerce and contribute to the bottom line.

Reporting to the Finance Director, the key responsibility of the role will include:

- Management of the UK and international tax compliance with a 'hands-on' approach to local queries.
- Control of and proactive planning for a variety of international tax issues.
- Liaison with, and a proactive approach to line financial management.
- Management, with the assistance from external

sources, of the Group VAT position with a view to the European Single Market.

Ideally you will be aged 28-35 and a qualified accountant with at least five years taxation experience gained in a leading international firm of chartered accountants.

A thorough knowledge of the UK taxation system together with some practical experience of European tax issues is required. Leading edge exposure to senior financial management will require excellent interpersonal and communication skills with a high level of self motivation and strong commercial awareness.

The position offers an interesting technical challenge but requires an individual who can produce solutions which apply to the business.

Interested applicants should write to Chris Nelson, at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Telephone: 071 851 2000.



Michael Page Finance

Specialists in Financial Recruitment
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Operational Review

Treasury & Capital Markets

City

Our client is a highly innovative, successful and profitable well known banking group with a rapidly expanding Treasury and Capital Markets division which is undergoing a wide scale systems development programme incorporating leading edge integrated trading and risk management technology.

In line with this growth they now wish to strengthen their Operational Review Group, with the addition of two high calibre individuals to their specialist business focused review team. You will be joining an integrated, multidisciplinary team, in which individuals are judged directly on their ability to contribute positively to the areas under review. These roles will give you first class exposure to all FX and Money Market Instruments, including derivatives, as well as state of the art integrated trading and risk management systems.

The prospects for the right individuals are truly varied, offering considerable personal development opportunities, as well as internal promotion and

£32-38,000 Package + PRP

the opportunity to move into mainstream Treasury and Capital Markets or other areas within the Group.

In addition to possessing prior audit experience of Treasury and Capital Markets products, the right individuals will be graduate ACAs who are eager to learn and develop, can demonstrate maturity and commercial awareness, good IT skills, an ability to liaise effectively at a senior level and are enthusiastic to take on new challenges. Alternatively high calibre ACAs or equivalent with an interest in Treasury and Capital Markets and excellent interpersonal skills will be considered.

Salary will be dependent on experience and ability and the package will include extensive banking benefits.

Interested applicants should enclose with their CV a covering letter detailing their suitability to John Zafar, ACMA, Manager, Financial Services Division at Michael Page Finance, Page House, 39-41 Parker Street, London, WC2B 5LH.



Michael Page Finance

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INTERNATIONAL BANKING

Europe/Far East/USA • Highly competitive remuneration package

Our client is one of the most prestigious banking organisations in the world. The quality and diversity of its products together with its global presence is the envy of most of its competitors and commands the respect of all of them. Now entering a phase of growth the Bank wishes to recruit additional staff in London to strengthen a highly regarded audit function.

Ideally candidates must meet the following requirements:

- A depth of experience (minimum 2 years) in a financial services auditing environment.
- A commitment and potential to succeed to a position of greater seniority within 2-3 years.
- A willingness to travel and spend periods of 4-6 weeks in a variety of locations, principally Europe but also including the Far East and the USA.

Preference will be given to qualified Accountants and graduates but consideration will be given to applicants who can demonstrate technical skills and experience of the banking sector combined with enthusiasm, management skills and sound commercial judgement.

The experience gained in this position will considerably enhance a knowledge of international banking and creates the opportunity for career progression within the Bank on a worldwide basis.

In the first instance contact Chris French at the address below or call him outside office hours (up to 10 pm) on 071 398 7640.

All applications made direct to the client will be forwarded to the Fleet Partnership for consideration.

the fleet partnership

Financial Recruitment Consultants

117 Newgate Street, Old Bailey, London EC1A 7AE. Telephone: 071-600 6500 • Fax: 071-600 6300

FINANCIAL SYSTEMS MANAGER

£44 Corridor

Our client, a major international subsidiary of a leading UK industrial group, is a multi-site business with a turnover in excess of £200 million. It employs around 3,000 people and it is a manufacturer of high technology components providing added value solutions to customer needs.

Reporting directly to the Finance Director responsibilities will include:

- The design, development and implementation of improved financial reporting and analysis systems applicable to the whole business, both in the UK and overseas.
- The creation of common integrated systems which have the capacity to 'talk to each other' and which can be interrogated - using relational databases and open systems architecture.

c.£35,000 + car + benefits

• The development of flexible systems capable of absorbing both organic and acquisitive growth.

Ideally the successful candidate for this role will be a qualified graduate accountant, aged 28 to 35, preferably from a manufacturing background with experience of implementing advanced systems. You will have the intellect to think of financial systems from a wide strategic perspective including the impact of involvement of non-finance functions and have the vision to take into account the worldwide perspective. In addition you must have excellent interpersonal skills and the will to succeed in this dynamic environment.

To apply please write with a full CV quoting reference 6063/FT to Steven Vasey BA ACA at WTH Executive Recruitment, 13 Berkeley Square, Clifton, Bristol BS8 1PE



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FINANCIAL CONTROLLER (Director Designate)

Long-established Advertising/PR agency needs a Chartered Accountant to run its Accounts Dept with a staff of three. Responsible to Chairman, this position would suit a meticulous person used to deadlines, aged 30+ and already earning approx £30,000.

Please write enclosing CV to:
Peter J Hyde, Hyde & Partners Ltd,
Victoria Station House, 191 Victoria Street,
London SW1E 5NE.

TREASURY ACCOUNTANT

CENTRAL LONDON

Our client is a leading player in key European markets in its chosen sector. From the London Headquarters the Group Finance team enjoys a high profile role in the direction of the Group's commercial activities.

Treasury is a key function providing an essential service to the Group's operational management. There is now a need to recruit a Treasury Accountant.

The primary responsibilities of this new position are:

- day to day tracking, analysis and control of key group cashflows, actual and projected.
- maintaining the central debt register and ensuring the validity of all debt movements Groupwide.

- managing a small team to provide the optimum level of management information on all treasury matters.
- close liaison with senior group finance managers, providing an increased level of awareness of treasury issues

- preparation and presentation of periodic cash management data to internal decision makers and maintaining close relationships with the providers of finance

Candidates will probably be graduates possessing a recognised accounting qualification, and will ideally have as a short term goal membership of the Association of Corporate Treasurers.

ROBERT WALTERS ASSOCIATES

£30-35,000 + BENEFITS

The entry point will be appropriate either for individuals who are already employed as part of a treasury function or who are currently in the Profession with an ambition to move into a treasury area within commerce.

Applicants will demonstrate high levels of drive and commitment as well as the willingness to participate fully as a member of a highly qualified Group Finance team.

Interested candidates should write to Jon Boyle ACA at Robert Walters Associates, 25 Bedford Street, London, WC2E 9RP. Tel 071-379 3333, Fax 071-915 8714.

Capital Investment Manager

London c. £30,000

Having completed our seventeenth consecutive year in profit, the Post Office continues to improve customer satisfaction and strives to promote commercial excellence while at the same time bringing in change on a massive scale.

Helping us to make the right investment decisions for the Post Office group, you'll be expected to share our understanding of what is in our long term commercial interests.

This role covers all aspects of capital planning, investment and project appraisal, including strategic appraisal and project monitoring. It involves research, reporting and monitoring of best practices. Importantly, you'll be expected to analyse and give advice on investment projects.

It is above all a role calling for individual excellence and commitment to working as part of a talented team. We are looking for a qualified accountant with experience in project evaluation or management. You'll be able to grasp and assimilate facts quickly, analyse them methodically, reach sound conclusions and present them with clarity and brevity. Experience of large scale organisations is vital, and you'll need to show the qualities of tact and professionalism.

The rewards on offer, besides the competitive salary, include a generous benefits package.

For further details and an application form please contact Francis Lewis on 071 320 7083 (24 hour answering service).

The Post Office is an equal opportunities employer and welcomes applications from all sections of the community. Suitably qualified applicants with disabilities will be shortlisted.

THE POST OFFICE



Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Group Finance Director

£70-80,000 + bonus + share options Location flexible

This is an exciting opportunity to join a rapidly expanding engineering based plc as Group Finance Director, working closely with the Chief Executive. Responsibility for the whole financial function includes corporate aspects - financial strategy, acquisitions and divestments - and operating company reporting and control.

To fulfil this role, you will be a qualified accountant and probably a graduate with a good degree. You will have reached Finance Director level already via both operational management and HQ exposure and you will have plc experience, including familiarity with Stock Exchange requirements. Ideally you will have a background in engineering or manufacturing companies. You will also be computer literate and have experience in implementing new systems. Age will not be a key determinant, but intelligence, commitment, personal credibility and energy will.

This is an exciting role offering a tremendous challenge to the right candidate. It will also be demanding on time and commitment and over the next year or so, long hours and living out of a suitcase could well be part of your existence. Your team will be small, so your style will need to be "hands on".

Rewards will include potentially very attractive share options in addition to a competitive basic salary, bonus and normal executive benefits.

Please write to Mark Hartshorne at the address below, quoting reference D/0050, advising why you feel you meet this specification and enclosing your CV and remuneration details: Executive Search & Selection, Price Waterhouse, Cornwall Court, 19 Cornwall Street, Birmingham B3 2DT.

Group Finance Professionals

UK Stockbroker to £30,000 + Bonus + Benefits

Our client is a leading corporate stockbroker with an excellent reputation for research and quality of service.

In recent years they have undergone a significant period of development and they are now seeking to strengthen their finance department by the recruitment of two additional accountants.

Financial Accountant

You will report to the Group Financial Accountant and be responsible for preparing monthly profit and loss accounts and balance sheets, SFA, quarterly VAT and other returns. You will also be involved in a variety of ad hoc project assignments.

Candidates will be qualified ACA, CACA or CIMA with up to two years post-qualification experience. Some financial or management accounting experience is essential although financial services experience is not required as the emphasis will be on team players with strong interpersonal skills and the ability to work well under pressure.

These are excellent opportunities to fully develop your potential in a supportive and exciting environment.

Management Accountant

You will report to the Group Management Accountant. The role includes weekly financial forecasts and the preparation of monthly management accounts. You will also provide assistance in financial planning, analysis and related project work.

Interested applicants should contact

Andrew Fisher, Parkwell Management Consultants Ltd

3 Catherine Place, Westminster SW1E 6DX Tel: 071 233 5207 Fax: 071 233 5205

London

First Class Remuneration Package

The Company:

Sedgwick is a leading international risk consultancy, insurance broking, employee benefits and financial services group, with a network of more than 260 offices in 60 countries and revenue of around £850m.

We are looking to recruit a Group Financial Analyst into our Financial Control team based in the group's Head Office at Aldgate.

The Opportunity:

Reporting to the Group Accounting Controller, the successful applicant will work closely with a small professional team in London and Witham, Essex.

Responsibilities will include:

- Analytical review and interpretation of the group's management results, forecasts and budgets
- Drafting of executive commentaries
- Development of the group's management accounting formats and procedures.

The Individual:

A recently qualified ACA aged 25-30 who is looking for the opportunity to assume a demanding role which offers potential for future development.

Please apply enclosing full CV and salary expectations to Pat Owens, Personnel Manager, Sedgwick House, The Sedgwick Centre, London E1 8DX.



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CORPORATE FINANCIER

London-based Chartered Accountant/Merchant Banker with significant commercial and financial experience within the UK and Europe seeks interesting opportunity or challenging assignment anywhere in Europe. All replies will be acknowledged and treated in confidence.

Write to: Box A2062,
Financial Times,
One Southwark Bridge,
London SE1 9EL

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THE COMPANY

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- Quality focused. Goal to achieve world class manufacturing status.

THE POSITION

- Lead team of 15 in accounts, quality, systems, personnel, warehouse and purchasing functions. Report to Managing Director.
- Ensure the timely and accurate production of financial results. Liaise with divisional and Group Head Offices.

- Develop information systems to support business operations and decisions.
- Significant input into tactical and strategic development of business. Key member of senior management team.

QUALIFICATIONS

- Highly talented qualified Accountant, probably aged between 28 and 35.
- Previous financial management experience within a quality driven company. Ability to combine hands-on/task orientated work with a strategic outlook.
- Bright, resourceful and flexible. Must possess excellent communication and people management skills.

Please send full cv by June 24th, stating salary and ref. GSM2248, to Barkers Response & Assessment, Berwick House, 35 Livery Street, Birmingham B3 2PB

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Director of Finance

M3 Corridor

c. £50,000 + Car + Share Options

Our client, a leading player in the design and manufacture of hi-tech equipment for survey, navigation and tracking purposes, is looking to recruit a commercially minded, qualified accountant to the position of Director of Finance for its European sales and distribution operation based in the UK.

Reporting to the Managing Director, and with a dotted line responsibility to the Vice President of Finance in the USA, the successful applicant will function as part of the senior management team with responsibility for the day to day finances of the company. In broader business terms, the Director of Finance must be decisive and technically competent as he/she will be expected to make a major contribution to the commercial aspects of the European operations from a financial standpoint. This is no ivory tower appointment and the postholder will be expected to make an immediate contribution at local operational levels throughout the European businesses.

Candidates for the position will be graduate, qualified accountants, able to demonstrate a

progressive, operational finance career to date with emphasis upon sales and distribution accounting. Key strengths will include experience of US reporting, multi-national transactions, tax, MIS and banking relationships. On a personal level, candidates must be able to demonstrate a hands-on, team player approach with well developed interpersonal skills together with the ability to relate at all levels of management in a professional and mature manner. The Director of Finance will be expected to deputise in the absence of the Managing Director.

Interested candidates should write enclosing a detailed curriculum vitae, with salary details and outlining their suitability to the position, to Jeff Cottrell, Ernst & Young Corporate Resources, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 3NH quoting reference JC547.

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